

# VISION, MISSION and VALUES

## Vision

A transformed Tlokwe City Council striving for economic, social and human development through good governance.

## Mission

Our mission will be guided by the Municipal Systems Act, namely:

- *To exercise our powers and utilize our resources in the best interest of our community*
- *To provide, without favour or prejudice, democratic and accountable government.*
- *To encourage the participation of our community via Ward Committees, suggestion boxes, consultative forums, public meetings, interviews with political and administrative leadership.*
- *To ensure that our services are provided to our community in an equitable, financial and environmentally sustainable manner.*
- *Promote economic development in our area.*
- *Promote gender equality.*
- *Promote a safe and healthy environment.*
- *Contribute to the progressive realization of the fundamental rights contained in the Constitution.*

## Values

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery.

We therefore value:

- *Work pride*
- *Service excellence*
- *Integrity*
- *Loyalty*
- *Accountability*

## AWARDS

### KEY AWARDS WON FOR THE 2008/2009 FINANCIAL YEAR

The Tlokwe City Council and its residents are proud to have been honoured with the following important awards for excellent performance:

#### *Blue Drop Status Certification*

*A National Award called "**Blue Drop Status**" by the Department of Water Affairs.*



#### *Arbor City Award*



*By the Department of Agriculture, Forestry and Fisheries*

#### *Welcome Award*

*The National Award for Service Excellence and Quality Service Delivery by the S.A. Tourism Initiative (Sponsored by First National Bank)*



## ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

This Annual Report is published in compliance with section 121 of the Local Government: Municipal Finance Management Act No 56 of 2003, to provide record of the activities of the Municipality; to provide a report on performance in service delivery and against the budget; to provide information that supports the revenue and expenditure decisions made and to promote accountability to the local community for decisions made.

# INDEX

## CHAPTER 1 : INTRODUCTION AND OVERVIEW

Foreword of the Executive Mayor .....	2
Statement of the Accounting Officer .....	4
Overview of the City Council .....	7

## CHAPTER 2 : PERFORMANCE HIGHLIGHTS

Service Delivery and Infrastructure Development.....	14
Municipal Financial Viability and Sustainability .....	19
Municipal Transformation and Organisational Development .....	21
Local Economic Development.....	23
Good Governance and Public Participation.....	26
Building and Zoning Plans.....	27

## CHAPTER 3 : HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT

Organisational Human Resource Management.....	30
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## CHAPTER 4 : FUNCTIONAL SERVICE DELIVERY REPORTING

Executive Mayor.....	34
Office of the Speaker.....	38
Municipal Manager.....	41
Budget and Treasury Office.....	44
Public Safety.....	50
Corporate Services.....	59
Infrastructure.....	64
Community Services.....	72
Housing.....	85
Economic Development.....	89
Office of the Whip.....	90

## CHAPTER 5: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Report of the Auditor General.....	92
Annual Financial Statements.....	100



**TLOKWE CITY COUNCIL**

# **CHAPTER 1**

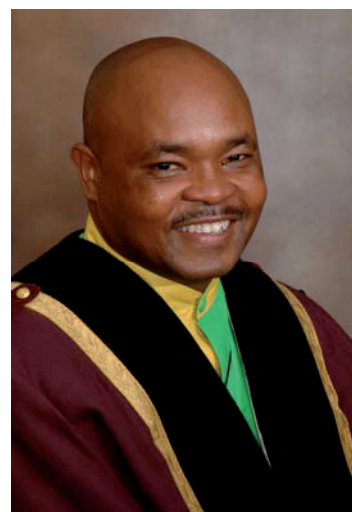


## **INTRODUCTION AND OVERVIEW**

## THE FOREWORD OF THE EXECUTIVE MAYOR

Of the three spheres of government, municipalities, as the closest to the people, should pride themselves in the culture of continuous communication with all its stakeholders and role players. That continuous communication is founded upon the principles enshrined in our Constitution and Local Government laws. These principles are inclusiveness, consultation, and participatory democracy.

As we always do at this time every year, and as part of this statutory obligation prescribed in the Financial and Management Act 56 of 2003 we herewith release the annual report and give account of all the work we have carried out for the financial year 2008 / 2009.



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It is now an accepted fact that since the financial year 2007 / 2008, electricity tariffs as one of the major sources of revenue of the municipality, continue to increase far more than we have for a long time been used to. This, including all other cost drivers such as fluctuating oil and food prices, as well as interests rates are factors that Council always must consider when planning the delivery of services and the development of our environment.

These were therefore some of the factors that informed the nature and levels of services that we delivered during the 2008 /09 financial year. As the report will show there have been challenges as well as successes. The municipality could not hide or run away from challenges encountered in the past year, but will develop strategic responses to address and rectify whatever challenges were encountered.

Again we will not shy away from our successes:

As a Municipality, we registered a number of successes in as far as housing, paving of roads, electrification and provision of water is concerned.

We were acknowledged by various institutions for our successes. We are the only Municipality in the North West Province with the Blue Drop Water Status. We were also awarded and recognised for keeping our city green by the Department of Conservation and Agriculture.

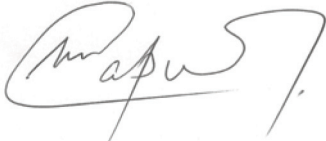
We have won our battle on Sonderwater. There are still challenges that are receiving our undivided focus and we will overcome them.

I therefore have no doubt that this municipality remains focused on its vision of transforming its institutional machinery and strive for economic, social and human development for the benefit of all residents of Potchefstroom.

As the political leadership, we will remain true to the constitution of our country by respecting and observing the rights of people and individuals. Everyone has the right to freedom of association, speech and education.

In the final analysis, I express my appreciation and commend my fellow councillors, management and all personnel of Tlokwe City Council for continued dedication to job at hand and commitment for contributing to the betterment of the lives of all members of our communities. There is no better high calling than to serve.

I thank you

A handwritten signature in black ink, appearing to read 'Maphetle Maphetle', with a stylized flourish at the end.

**MAPHETLE MAPHETLE (CLLR)**  
**EXECUTIVE MAYOR**



## **STATEMENT OF THE ACCOUNTING OFFICER**

The Annual Report of Tlokwe City Council describes in detail the nature of work the Council has engaged on, including the challenges accounted as well as milestone achievements in the on – going strive to deliver optimal services to all residents of Potchefstroom. Accordingly, as prescribed by the Municipal Structures Act, we hereby submit an annual report for the financial year 2008 / 9

### **Capital Budget**

The 2008 / 9 municipal actual expenditure on capital budget, as at June 2009, was R82.5 million from the R150.4 million originally budgeted for. The under – spending was the result of a few projects having started later than anticipated.

### **Operational Budget**

The continued and progressive review and improvement of the application of our credit control and debt collection measures, as well as the indigent policy are some of the instruments that are continually sharpened to assist us to stabilize and consolidate our revenue stream, as well as to improve the overall management of our operational budget.

### **Property Rates and Valuation Roll**

In line with this statutory obligation and strategic goal, much work has already been done to this regard. The valuation of properties was completed in December 2008 and Council adopted the new Property Rates Policy by the end of May 2009 for implementation according to the Municipal Property Rates Act by the beginning of July 2009.

### **Institutional Capacity**

Over the past year we have also been addressing the corporate governance aspect of our institution. About 58 employees were appointed while almost the same number, 55 in all left the institution, indicating some issues that will need attending to in relation to staff turnover and vacancy rate. This matter is also progressively being attended to and may not recur in the years going forward.

The actual percentage of the wage bill as part of the operational budget was 33,68%. Our duty will be to keep this percentage within the generally accepted levels so as to ensure that available resources are as far as possible deployed to service delivery and developmental work for the community.

One of the major projects that Council has undertaken and continues in the current year is the reconfiguration of the organisational structure with a view to consolidating and



refocusing of Departmental activities. The end result should be a personnel structure that is dynamic and responsive, able to withstand the demands placed on the institution in a manner that is cost effective.

### **Good Governance and Public Participation**

Council has a ward participatory system in place that has continued to be utilized in the past year through the Office of the Speaker. Ward Committees assist in mobilising appropriate community involvement in council matters. Ward committees have continued to collaborate with the Community Development Workers (CDW's) in this regard.

There are ten CDW's allocated for Potchefstroom. Every CDW is an ex-officio member of the Ward Committee and forms part of its monthly meeting.

Continuous public participation throughout the year to address budget and IDP related matters took place as per scheduled program. Council adopted the process plan in 2008, which included the structure responsible for driving the Integrated Development Plan (IDP). A firm base for the operationalization of the IDP systems and structures, including its alignment with the budget was set in the past year.

### **Service Delivery**

In the past year we completed a structural audit of all the old housing projects in Ikageng and Promosa and found that a total of R 222,7 million will be required to correct and complete all outstanding work in these projects.

Furthermore, the Provincial Department of Local Government and Housing appointed developers to build a total of 4 900 houses in Ikageng and Promosa. The total value of these projects amounts to R267,5 million.

With regard to roads and other infrastructure, the City consists of approximately 394 kilometers of surfaced roads and 196 kilometers of un-surfaced roads. 75 kilometers of the un-surfaced roads were graded and re-graveled during the financial year. About 17000 m<sup>2</sup> of potholes were repaired.

The grading of unpaved roads increased from 28 kilometers to 75 kilometers in the previous financial year despite the demand in the cleaning of open spaces and parking areas for funerals and other gatherings. The demand for cleaning and sweeping of rubble and silt from the road pavement increased due to the heavy rains experienced during the wet season.

Late last year the Department of Transport selected our city and allocated R24 million for the construction of a state of the art one stop service centre where clients can pay their Traffic fines, acquire Road Worthy Certificates, Driver and Motor Vehicle Licenses. This building earmarked to serve as best practice model will be completed and operational during the current financial year.

In pursuit of knowledge and best practice sharing, Tlokwe City Council is an active partner with the city of Vaxjo in Sweden. This twinning arrangement has born fruits in the form of various programmes that are continuously being implemented.

### **Awards and Special Achievements**

In the past year a number of success stories can be reported. Of the 152 municipalities assessed by the Department of Water Affairs, Tlokwe City Council was among the 23 Municipalities whose drinking water was declared to be of excellent quality and subsequently awarded the Blue Drop Status.

As a result of the greening work carried out particularly in the formerly disadvantaged areas, the Department of Forestry and Fisheries also declared our municipality winner of the 2009 National Arbor City Award.

On the sporting scene, the municipality, in conjunction with the national Department Sports and Recreation, successfully hosted the Zone VI International Youth Games from 4 to 13 December 2008.

These awards and achievements will spur us on to work even much harder to improve on the products and service we deliver to the people. The joy of seeing a fellow resident taking a drink of fresh clean water, observing another couple opening doors of a new house and children playing in clean, green open spaces and parks drives us to strive for service excellence.



**B G MOUMAKWE**  
**ACTING MUNICIPAL MANAGER**

# OVERVIEW OF THE CITY COUNCIL

## 1. INTRODUCTION

Potchefstroom covers an area of approximately 2500 square km and is divided into two parts by the N12 route between Johannesburg and Cape Town. The N12 is one of the main designated development corridors in South Africa.

In terms of international perspective, Potchefstroom is well known for its university (North West University consisting of the Mmabatho, Potchefstroom and Vaal Triangle campuses) and as one of the two, premium high altitude sports training centres in South Africa. Potchefstroom and its neighbour, the city of Klerksdorp, are situated in the heart of the country's gold-mining industry, with the world's deepest gold-mine situated some 40 km north-east of Potchefstroom adjacent to the N12 to Johannesburg. The area is also characterised by diamond mining (Rysmierbult) and agricultural production such as maize, sunflower and sorghum.

Nationally, Potchefstroom is host to a variety of national and international sports such as hockey, rugby athletics, cricket and cultural events such as the Aardklop festival. Setswana, Afrikaans and English are the predominant languages spoken in the region. The Vredefort Dome was also declared a World Heritage Site in 2006 as one of the largest and oldest meteorite impact craters in the world. Substantial progress has been made with the development of a new Highveld National Park on the western side of Potchefstroom.

Locally, Potchefstroom has a large number of primary, secondary and special schools, a technical and agricultural college, as well as district and regional representation of 23 national departments, including police and military units. The air force base was closed after the 1994 elections and is primarily used as an uncontrolled airport by private general aviation and the police air wing on a 24/7 basis.

### 1.1 POPULATION

**In terms of answering the question "Who are we? ", the following is noted:**

According to the 2007 Community Survey, Potchefstroom has a total population of 124 351 people. The population according to the 2001 census was 128 353, this shows it has decreased by 4002 people. The reason for such a phenomenon should be investigated against the background of the increasing demand for housing and other municipal services. The statistics of the survey is depicted in a table on page 8 (Table 1).

The previous figures have indicated much lower increase of population than expected, especially in relation to the provincial population growth rate. The comparable population growth rates for the Dr Kenneth Kaunda District Municipality and the Matlosana Municipality were previously 1.65% and Potchefstroom 1.39% respectively.

Regarding household size, the national census indicates that during the period 2001 to 2007, the number of households in Potchefstroom has increased from 32 038 to 35 524. A sample socio-economic survey, commissioned by the Tlokwe City Council, indicates an urban average household size of 4. 2 (Potchefstroom City Council 2004), this can only be interpreted by assuming that the household size is decreasing further, probably to two or three persons.

Each phenomenon as interpreted from the statistics has implication to policy formulation and other strategic decisions and to the budget.

**Table 1: Population and household profile.**

SERVICE	Census 2001	Census 2007
Persons	128,353	124,351
Households	32,038	35,524

**Source: Community** The following table represents population distribution according to wards.

At the time of the survey, the municipality had 20 wards, which later changed to 21 wards as a result of the local government election of 2006.

**Table 2: Population distribution according to wards.**

RURAL SETTLEMENT	POPULATION
Ward 1	10144
Ward 2	6573
Ward 3	3415
Ward 4	3523
Ward 5	4716
Ward 6	4611
Ward 7	4477
Ward 8	4842
Ward 9	10094
Ward 10	6796
Ward 11	8517

Ward 12	5215
Ward 13	3884
Ward 14	6628
Ward 15	5254
Ward 16	7034
Ward 17	8479
Ward 18	6055
Ward 19	7646
Ward 20	10443
Ward 21	5352

**Table 3: Population per average household per ward**

<b>RURAL/URBAN SETTLEMENT</b>	<b>AVERAGE PER HOUSEHOLD</b>
Ward 1	4
Ward 2	4
Ward 3	3
Ward 4	3
Ward 5	4
Ward 6	3
Ward 7	3
Ward 8	4
Ward 9	4
Ward 10	5
Ward 11	3
Ward 12	5
Ward 13	3
Ward 14	3
Ward 15	4
Ward 16	4
Ward 17	4
Ward 18	3
Ward 19	3
Ward 20	4
Ward 21	4

Potchefstroom Basic Socio Survey (2004)

## **1.2 DEMOGRAPHIC CHARACTERISTICS**

### **SOCIO CULTURAL ASPECT**

The municipality consists of the following racial and ethnic group: - Tswana, Afrikaans, Xhosa, Zulu, South Sotho, Indians, Coloured and English speaking. The dominant group / most spoken language being Tswana. There is cultural tolerance and the city has marketed itself as hoist International annual cultural celebration i.e. Aardklop cultural festival.

Table 4: The table below indicates geographic age and gender distribution per area

WARD	0-4	5-14	15 - 34	35 – 64	65>	MALE	0 - 4	5 – 14	15 - 34	35 - 64	65>	FEMALE
1	330	750	2613	1875	264	<b>5831</b>	348	645	1638	1443	237	<b>4313</b>
2	153	510	1272	1053	261	<b>3250</b>	150	365	1071	1224	522	<b>3323</b>
3	81	264	576	564	156	<b>1580</b>	72	231	570	741	225	<b>1835</b>
4	81	243	486	564	180	<b>1553</b>	84	288	267	714	329	<b>1979</b>
5	123	333	672	801	210	<b>2142</b>	165	327	777	984	324	<b>2574</b>
6	156	282	918	663	120	<b>2143</b>	171	288	1128	720	159	<b>2468</b>
7	111	225	945	588	132	<b>2003</b>	96	258	1191	693	237	<b>2474</b>
8	197	408	960	717	87	<b>2367</b>	195	37	966	765	165	<b>2475</b>
9	537	930	1770	1497	132	<b>4864</b>	474	1026	2043	1488	198	<b>5230</b>
10	366	648	1299	963	72	<b>3344</b>	339	612	1398	999	102	<b>3452</b>
11	297	621	1731	1356	183	<b>4191</b>	312	618	1662	1434	297	<b>4326</b>
12	213	399	984	942	108	<b>2644</b>	186	396	1020	786	186	<b>2571</b>
13	177	315	774	618	54	<b>1940</b>	129	333	729	675	78	<b>1944</b>
14	243	567	1269	1053	123	<b>3252</b>	243	546	1257	1104	225	<b>3376</b>
15	207	375	1071	843	99	<b>2595</b>	183	417	945	900	210	<b>2659</b>
16	309	720	1262	1017	72	<b>3385</b>	354	687	1356	1125	126	<b>3649</b>
17	483	849	1521	1089	81	<b>4023</b>	492	852	1767	1221	123	<b>4456</b>
18	291	588	1059	918	60	<b>2953</b>	312	618	1179	888	105	<b>3102</b>
19	-	-	-	-	-	-	-	-	-	-	-	-
20	486	912	2025	1761	177	<b>5357</b>	501	873	1923	1596	195	<b>5086</b>
21	-	-	-	-	-	-	-	-	-	-	-	-

### 1.3 INCOME

According to the Potchefstroom Basic Socio-Economic Survey the following household per income category was reported;

- R0-00 to R1 000-00 49%
- R1 000-01 to R10 000-00 15%

The following table represents income per gender and age group according to the Potch Basic Socio indicator survey:

Table 5: Income per gender and age group

	10 - 19	20 - 29	30 - 39	40 - 49	50 - 59	+60
<b>Male</b>	272	2,138	5,792	5,255	3,100	20,112
<b>Female</b>	340	1,038	2,693	2,070	2,932	11,822
<b>Total</b>	<b>612</b>	<b>3,177</b>	<b>8,484</b>	<b>5,625</b>	<b>6,032</b>	<b>31,932</b>



**Table 6: Person with monthly income of less than R 3201 per ward.**

<b>WARDS NO.</b>	<b>NO OF PERSONS</b>
Ward 1	696
Ward 2	1647
Ward 3	1035
Ward 4	801
Ward 5	1299
Ward 6	666
Ward 7	984
Ward 8	255
Ward 9	456
Ward 10	180
Ward 11	375
Ward 12	297
Ward 13	246
Ward 14	192
Ward 15	129
Ward 16	69
Ward 17	102
Ward 18	33
Ward 19	378
Ward 20	927
Ward 21	980

The lowest number on the table represents persons living in the informal settlements as most of the informal activities emanate from those areas are as result of unemployment. (Survivalist activities)



**TLOKWE CITY COUNCIL**

# **CHAPTER 2**



## **PERFORMANCE HIGHLIGHTS**

## 2.1 SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.1.1 Provision of free basic services	% of qualifying household receiving free basic services	95	100	95	Qualified households received free basic services as per Council policy.
	Council increased the level of support and threshold being provided – from 50 kWh of electricity to 80 kWh.	80	80	8080	Beneficiaries received 80 kWh of electricity as per Council's Indigent Policy
	Council increased the level of support and threshold being provided – from 6 kl of water to 10 kl.	10	10	10	Beneficiaries received 10 kl of water as per Council's Indigent Policy
2.1.2 Provision of electricity	% households on official surveyed sites with access to electricity	90	100	90	
	Number of houses electrified.	1400	1500	1400	DME projects
	Total number of new connections	241	160	167	
	Total number of street lights installed	150	150	150	
	Total number of high mast lights installed	-	-	-	Not budgeted
	Improvement in power quality indices (SAACI and SAAFII)	-	-	-	Budget was not approved
	% electricity losses with distribution	2.44%	2.2%	0.72%	Improvement on electricity losses
2.1.3 Alternate electricity distribution methods	Units losses with distribution	10,178,235	5,000,000	3,245,635	Saving on electricity losses per unit
	% reduction in electricity maintenance backlog	20	30	20	Asset maintenance programme in place to improve asset life
	Number of people connected to hot water-load control	-	-	-	No capital awarded on the budget
	% adherence to the REDS establishment timelines	40%	50%	40%	REDS timeline not established as per Government legislation
2.1.4 Provision of basic water	Introduction of renewable energy resources	-	-	-	Council should in future look at alternative energy resources to be in line with international standards
	% of households with a basic level of water (formal and informal areas)	100%	100%	100%	Council achieved to supply all households with clean water
	Number of new water connections	344	780	788	

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
<b>2.1.5 Water Demand Management</b>	% adherence to international standards for the quality of water supplied to consumers	95%	95%	100%	Blue Drop Status achieved for water quality
	% of houses built and occupied, but yet to be connected to basic services	-	-	-	
	% unaccounted for water	3.1%	3.1%	4.1%	Water losses increased by 146,541 kl from the previous year
	Number of new water meters installed in unmetered areas	322	780	788	
	Number of old domestic meters replaced	266	180	181	
<b>2.1.6 Waste Management</b>	Existence of a long term strategy to deal with periodic water shortages	-	Strategy to be approved	-	Water strategy has to be put in place for the long term
	% of households with a basic level of sanitation (formal and informal areas)	100%	100%	100%	
	Approval of Water Services Plan	-	Approval	Not approved	Draft Water Services Plan has not been approved by Council
	Number of households connected to a basic level of sanitation	38,249	42,388	42,388	Progress in line with housing provision
	Elimination of the bucket system	-	-	-	
	Elimination of shared toilets	1,400	1,400	1,400	Good progress
	% households with basic level of solid waste removal (formal, informal and peri-urban areas).	60%	95%	65%	Make use of Private Entrepreneurs to expand service delivery for Solid Waste Management. The Budget, Personnel, Vehicles and equipment ratio not in line with the Growth and Development of the City.
	% of new households provided with basic level of solid waste removal	-	5%	5%	Make use of Private Entrepreneurs to expand service delivery for Solid Waste Management.
	Implementation of a pilot project on ward-based cleaning and greening	-	1	1	Mayoral Cleaning Campaign
	Number of Integrated Waste Management Plan projects implemented	-	1	-	Still awaits outcome of feasibility study to implement a Total Integrated Waste Management System for Tlokwe City Council.

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	Number of transfer recycling sites established or upgraded	-	-	-	Report submitted to Council with regard to install skips at hot spots. No funds available to implement such a project.
	Implementation of new Waste Management Act July 2009	-	100%	60%	By-Laws not yet amended. Awaits outcome of Feasibility study to implement Waste Programme.
<b>2.1.7 Occupational Health and Safety</b>	Employee Wellness Programme	-	100%	100%	Programme in place
	Safety Management Programme	-	Programme to be put in place	-	No personnel appointed
<b>2.1.8 Integrated human settlement development - housing provision</b>	Finalize the proclamation of Ikageng Ext. 9 and 11	No formal township	Proclaim and finalize township	Completion of the layout plan and submission to the Surveyor General for approval	Outstanding special studies
	Establish a database linked to a GIS	Intra connection No internet connection	Access to information Approval of integrated scheme	-	
	Approval of an Integrated Town Planning scheme			Draft report approved	
	Complete old housing subsidy schemes	8,500	Completion of projects	Target not achieved	Completion of structural audit and submission of project proposal
	Transfer of properties to owners	40%	1,200	Target not achieved	Completion of transfers by December 2010
	Resolution of all housing disputes	200	300	100	Slow resolution and implementation
	Consolidate housing backlogs	Different data base	Credible	Consolidated – unclear data	The data will be verified by January 2010
	Identify land for development	Increasing demand for properties	Housing sectoral plan	Project identified	New project has been identified in the IDP
	Compliance of Municipal Building by-laws (Building transgressions)	Non compliance	Reduce transgressions by 5%	Increasing compliance	Revision and updating of Building by-laws and increasing of inspection
	Application for funding to finalize Vrededorf Dome document	No funds	Completion of study in 2010	Application of funds	Awaiting responses for funding



KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
<b>2.1.9 Integrated human settlement development - spatial development</b>	Council-approved Spatial Development Framework	Old SDF	Approval of draft document	Draft SDF approved	Public participation process ongoing
	A consolidated Land Use Management System (LUMS)	Old scheme	Draft integrated LUMS	Draft policy not approved	Public participation process ongoing
<b>2.1.10 Crime Prevention</b>	Approval and implementation of an Integrated Crime Prevention Strategy	-	Yes	Yes	Funded by Kenneth Kaunda District Municipality
	Number of CCTV surveillance cameras installed.	12	12	-	City Council in process to obtain permission from the District Municipality to install additional 12 Cameras
	Number of disaster management centres established	1	Upgrading of centre	Centre is fully functional	Continuous improvement next few years
<b>2.1.11 Disaster Management</b>	A fully functional disaster early warning system in place.	Weather Bureau	Functional early warning system	Functional early warning system	
	Fully operational Level 2 incident command vehicle	1	Vehicle to be operational	Vehicle not fully compliant	Upgrading to be done in the next financial year
	An operational traffic control service throughout Potchefstroom	-	24 Hour traffic control	Target not achieved	Budget constraints
<b>2.1.13 Traffic Safety</b>	Adherence to standard response times for emergencies (accidents)	100%	100%	100%	
	Adherence to standard response times for emergencies (disaster)	100%	100%	100%	
	Adherence to standard response times for emergencies (fire)	100%	100%	Target not achieved	The response time could not be achieved because of the long distances to travel from the station
	A fully functional central control centre (CCC) for emergency services	Control Centre	Fully functional control centre	Fully functional central control centre	
	Approval of Road Transportation Plan	-	Approval of Road Transportation Plan	Target not achieved	Draft transportation plan to be completed for finalisation
<b>2.1.13 Roads</b>	Upgrading and tarring of roads (km)	-	-	-	
	Resurfacing of roads (km)	14,005	18,500	21,178	Maintenance programme

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	Rehabilitation or reconstruction of roads (km).	-	-	-	
	Gravelling of roads (km)	88	100	121	Maintenance programme
<b>2.1.14 Stormwater</b>	Provision of augmentation of stormwater conduit (km)	8	12	14	Maintenance programme
<b>2.1.15 Parks</b>	Number of Public Open Spaces/Parks developed or upgraded	-	2	2	New development
	Number of trees planted	179	500	477	Non-availability of watering trucks limit the section to plant more trees
<b>2.1.16 Environment Management</b>	Number of Environmental Projects implemented	3	3	2	None of the critical posts have been filled, although several requests have been submitted. to fill these unfunded posts
	Environmental Management Plan	-	Approval of Environmental Management Plan	-	None of the critical posts have been filled, although several requests have been submitted. The Provincial Government appointed a Service Provider to draft an Environmental Management Framework and an Environmental Management Plan.
	Number of people reached through environmental awareness	-	56,000	35,000	None of the critical posts have been filled, although several requests have been submitted. to fill these unfunded posts
<b>2.1.16 Environment Health</b>	Number of uniform by-laws and policies developed	-	4	-	The Provincial Government is in the process to develop updated uniform by-laws for all the municipalities in the North West Province

## 2.2 MUNICIPAL FINANCIAL VIABILITY AND SUSTAINABILITY

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
<b>2.2.1 Development of IDP-based budget</b>	Approval of IDP-based budget that meets legal requirements.	Budget submitted	Submission of budget	Budget adopted	Approval of final budget by end of May 2008
	An approved sustainable financial plan for allocation of municipal resources to enhance sustainability. (Strategic Financial Plan)	Financial Plan submitted	Submission of Financial Plan	Financial Plan adopted	Approval of Financial Plan by end of May 2008
<b>2.2.2 Sustained revenue collection</b>	Revised Revenue Collection Master Plan in place.	-	100% adherence to plan	90%	Review of Credit Control Policy and Debt collection service provider
	% improved and sustained revenue collection.	90%	100%	-	Debtors are increasing on a yearly basis
	Debt-to-income ratio	-	1:50	1:20	Revenue collection decreasing
	Debtors to annual operating income	-	1%	5%	
	% adherence to the Project Plan for the acquisition of the billing system.	100%	100%	100%	
	Capturing all meters currently not in the billing system.	-	Yes	Yes	Updating information for lost revenue.
<b>2.2.3 Sound Financial Management</b>	% adherence to the General Property Valuation Project Plan.	100%	100%	100%	We have to comply so that the Valuation roll can be compiled.
	% Personnel costs to total operating income	33%	34%	31%	
	% capital expenditure	85%	100%	55%	
	% MIG expenditure	98%	100%	62%	
	% Restructuring grant expenditure	-	-	-	No grants allocated in DORA
	Submission of financial statements that comply with MFMA and other accounting standards and practices.	Financial Statements submitted	Submission of Statements	Financial Statements submitted	
	Creditors' days	30	30	30	
	Improved credit rating	Credit rating in place	Improved credit rating to be in place	Credit rating in place	In the next financial year the Council will have to conduct a credit rating to update its portfolio

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	Risk Management Policy	-	Approval of policy	Target not achieved	In the next financial year the Council will have to approve a Risk Management Policy
	Risk Management Plan	-	Approval of plan	Target not achieved	In the next financial year the Council will have to approve a Risk Management Plan
	Risk assessment and development of risk register	-	Completion of risk register	Completed risk register	
<b>2.2.4 Internal Audit</b>	Approval of Internal Audit Charter that comply with Auditor General requirements.	-	Approve Internal Audit Charter	Internal Audit Charter Approved	
	Audit Committee	4 Meetings per year	4 Meetings per year	4 Meetings	As per MFMA

## 2.3 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
<b>2.3.1 Strategic planning and integration</b>	A functional cluster system in place	-	Functional cluster system to be in place	A cluster system was put in place for the preparation of the IDP review process	A cluster system is in place, in terms of which quarterly meetings will be held in the next financial year
<b>2.3.2 Organisational rationalisation</b>	Completion of the high-level institutional rationalization to eliminate duplications and enhance integration between performance and staff utilization.	-	Finalisation of institutional performance	Final structure not approved by Council	
	A functional administrative structure to co-ordinate service delivery in Potchefstroom.	-	Finalisation of administrative structure	Final structure not approved by Council	
	% adherence to the restructuring grant conditions.	-	-	-	No grants allocated in DORA
<b>2.3.3 Human Resources Development</b>	Completion and implementation of a new five-year Employment Equity Plan.	Approved Employment Equity plan	Revised Employment Equity plan	Draft Employment Equity plan	Policy making processes delayed by senior officials
	Submission of Workplace Skills Plan	Yes	Yes	No	Deviation from training schedule
	Existence of an integrated programme for the acquisition of scarce skills as well as for dealing with current skills shortages in the Municipality.	-	Skills development plan to be put in place	No plan has been approved by Council	
<b>2.3.3 Human Resources Development</b>	% of Skills Development Levy returned to the Municipality in terms of eligibility.	-	100%	100%	An amount of R 979,215 has been received as rebate from SETA
	Completion of Task Job Evaluation Internal Processes	-	Completion of job evaluation process	Process completed	Forms has been submitted to SALGA for evaluation
	A uniform remuneration framework that is equitable and cost effective in place.	-	Completion of framework	Awaiting response from SALGA	

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	An integrated HR Information System (HRIS) in place	-	HR Information System to be put in place	No progress	
2.3.4 Integrated Performance Management	Roll-out Performance Management System	-	Performance plans to be in place	Performance Management System is in process	
	Performance Management Policy	-	Approval of Performance Management Policy	No policy has been approved by Council	Performance Management Policy has to be developed in the next financial year



## 2.4 LOCAL ECONOMIC DEVELOPMENT

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.4.1 Poverty alleviation and job creation	Existence of an Integrated Poverty Alleviation Strategy and Programme.	-	-	-	Policy has to be approved by Council in the next financial year
	Number of co-operatives assisted	21	20	21	
	% reduction in unemployment	-	-	-	No statistical information available
2.4.2 EPWP	Number of jobs created by municipal LED activities.	210	200	200	
	Number of these jobs that have benefited women.	70%	60%	70%	
	Number of these jobs that have benefited youth.	55%	80%	55%	
	Number of jobs created by municipal capital projects.	256	-	-	The number of jobs created depends on the scale and type of project, hence no target
	Number of these jobs that have benefited women.	104	-	-	
	Number of learnerships in manufacturing and engineering – infrastructure sector.	-	3	3	
	Development of Local Economic Development Plan.	-	-	-	Awaiting strategy to be approved
2.4.3 Economic growth and development	Existence of a City Development Strategy.		Strategy to be in place	Draft strategy	Public participation process
	Rate of economic growth	-	-	-	No statistical information available
	Implementation of key municipal economic development strategic priority projects.	-	-	-	Awaiting strategy to be approved by Council
	Existence of a functional consultative structure to consult key economic development stakeholders.	SMME Forum	Consultative structure to be in place	Consultative structure in place	
	Number of new investments attracted through the business initiatives.	-	-	-	No information available
2.4.4 Urban agriculture	Number of anchor agricultural projects established.	-	-	-	No budget for projects

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
<b>2.4.5 Tourism</b>	Number of micro agricultural projects established (ecocircles).	3,380	3,380	6,511	The Environmental Management Unit has been established per Council Resolution
	% annual increase in tourism	5%	5.8%	5.8%	STATSSA July 2009
	Number of township tourism entities established or capacitated through the Municipality's assistance.	-	6	6	Facilitation and support
	Development of a new funding model for Tourism to ensure it does not solely rely on municipal funds.	-	100%	100%	Facilitation on funding opportunities from different institutions (ex. IDC and DTI)
<b>2.4.6 Broad-based economic empowerment</b>	Supply Chain Management Policy to enhance broad-based economic empowerment in place.	-	Approval of policy	Policy approved	
	% of tenders awarded to women as a percentage of all tenders awarded.	-	-	-	No statistical information available
	% of tenders awarded to youth as a percentage of all tenders awarded.	-	-	-	No statistical information available
	% of tenders awarded to previously disadvantaged individuals (PIDs)	-	-	-	No statistical information available
<b>2.4.7 City-wide skills development</b>	Development of a City Skills Development Plan to alleviate the shortage of critical skills in Potchefstroom in conjunction with key stakeholders.	-	-	-	Plans has to be developed in the next financial year
<b>2.4.8 Sports development</b>	Existence of a sports development programme.	-	1	-	Waiting for the appointment of sport liaison officer
	Number of sports facilities upgraded and maintained.	-	10	15	
	Number of sports facilities	24	24	24	No funds available to establish new facilities
	Number of people who benefited from sport development programmes.	-	-	-	Statistics are not available
<b>2.4.9 Recreation</b>	Number of dams and resorts	2	2	2	
	Number of recreational facilities built.	-	-	-	
	Number of recreational facilities upgraded.	-	2	-	Insufficient funding
<b>2.4.10 Arts, culture and heritage</b>	Number of heritage sites developed	1	1	-	Vredefort Dome as world heritage site

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	Number of artists and crafters assisted.	484	400	667	
	Establishment of Arts and Crafts Centre.	-	-	-	
	Establishment of Memorial Park	-	1	1	Will be launched March 2010
<b>2.4.11 Library services</b>	Computerisation of all libraries	90%	100%	99%	Some Extension programs have not yet been loaded at the Main Library due to lack of sufficient funds.
	Number of implemented programmes targeting children from disadvantaged areas	-	150	164	Libraries intend to reach as many disadvantaged , children as possible.

## 2.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
<b>2.5.1 Asset management</b>	Completion of a comprehensive asset register	-	Completion of a detailed Asset Register	Target not achieved	No asset manager appointed since 2008
<b>2.5.2 Public participation</b>	Development of an Integrated Public Participation Strategy and Implementation Plan.	-	Development of a participation strategy	Participation strategy in place	
	Institutionalisation of Ward Committees in the Municipality's administration and routing them to communities.	-	Institutionalisation of Ward Committees	In place	
	% Ward Committees holding meetings in line with the agreed timelines.	-	100%	100%	
<b>2.5.3 Special Sector Support</b>	Comprehensive Special Sector Development Programme.	-	-	-	To be drafted in the next financial year
<b>2.5.4 Customer Care</b>	Completion of a Customer Care Satisfaction Survey.	-	Completion of a Survey.	Survey not done	No survey was conducted
<b>2.5.5 Councillor Support</b>	Capacity Development Programme for Councillors.	-	100%	100%	

## BUILDING AND ZONING PLANS 2008/2009

Applications Outstanding 1 July 2008	Category	Number of new Applications Received 2008/09	Total value of Applications Received R	Applications Outstanding 30 June 2009
67	Residential new	25	-	-
-	Residential additions	-	-	-
9	Commercial	11	-	-
1	Industrial	2	-	-
31	Other (specify)	40	-	-

## BUILDING PLANS 2008/2009

Applications Outstanding 1 July 2008	Category	Number of new Applications Received 2008/09	Total value of Applications Received R	Applications Outstanding 30 June 2009
-	Residential new	248	230,760,500	-
-	Residential additions	348	74,487,100	-
-	Commercial	70	93,145,800	-
-	Industrial	9	12,987,000	-
-	Other (specify)	16	7,493,000	-





**TLOKWE CITY COUNCIL**

# **CHAPTER 3**



## **HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT**

## Organisational Human Resource Management

The role of Human Resources Management (HRM) within the City can be categorized as:

1. Strategic Human Resource Management where human resources practices that drive and support the City's organizational strategy are identified and structured.
2. Human Resource Service Delivery, which involves the design and delivery of human resource processes for staffing, training, appraising, rewarding and general managing of the life cycle of employees throughout the organization.
3. Employee Commitment – facilitating capacity building of managers to have the required skills, knowledge and competence to manage their staff effectively.
4. Change Management, through facilitation of problem identification and helping the management team to develop and implement appropriate solution and action plans.

The Tlokwe City Council has a total workforce of 1 010.

The actual personnel cost contributes 33,7% of the Tlokwe City Council operational budget.

The table provides the different employment categories in the City Council

Employment Category	Male	Female	Total
Legislators	29	12	41
Managers and Corporate Managers	10	3	13
Professionals	75	30	105
Technicians and Trade Workers	66	1	67
Community and Personal Service Workers	51	37	88
Clerical and Administrative Workers	41	107	148
Operators and Drivers	94	1	95
Labourers	395	58	453
Apprentices	0	0	0
<b>TOTAL</b>	<b>762</b>	<b>250</b>	<b>1 010</b>

### Total number of employees who received training

Employment Category	Male	Female	Total
Legislators	6	11	17
Managers and Corporate Managers	10	5	15
Professionals	7	1	8
Technicians and Trade Workers	0	0	0
Community and Personal Service Workers	2	3	5
Clerical and Administrative Workers	14	10	24
Operators and Drivers	0	0	0
Labourers	0	0	0
Apprentices	0	0	0
<b>TOTAL</b>	<b>762</b>	<b>30</b>	<b>69</b>

The City Council's Capacity Development and skills development programme are NQF aligned.

The City Council values stability in the workplace and through the Local Labour Forum, all labour related issues are resolved between the Employees and the different trade unions.

The following tables represent information on the pension funds and medical aid schemes in existence in Tlokwe City Council.

#### **Pension Funds:**

Name of Fund	No of Members
South African Local Authorities Pension Fund	65
Potchefstroom Municipal Retirement Fund	520
SAMWU National Provident Fund	94
Municipal Employees Pension Fund	157
Municipal Gratuity Fund	129

#### **Medical Aid Schemes:**

Schemes	Membership
Keyhealth	152
Bonitas	147
Hosmed	77
LA Health	23
SAMWUMED	201

Post retirement Health Care benefit liability: R 75,862,841

The following table illustrates trends in personnel expenditure in the last five years:

Year	Personnel Expenditure R	Total Operating Income R	%
08/09	153,249,960	491,314,969	31,2
07/08	134,548,118	403,913,527	33,3
06/07	122,732,677	373,260,827	32,9
05/06	116,039,894	341,323,351	34,0
04/05	115,979,149	321,349,473	36,1

\* Including grants received in the operating income

#### Breakdown in Personnel Expenditure for 2008/09

Description	Budget 2008/2009	Actual 2008/2009
Salaries	101,086,407	91,357,917
Salaries: Sessions	146,000	0
Salaries: Holiday Workers	5,250	0
Contribution: Pension Fund	22,211,398	18,681,165
Contribution: Insurance	5,045,963	5,005,444
Medical Aid Fund	6,948,290	8,029,441
Provision: Bonuses	8,662,442	7,255,492
Provision: Leave (Payment)	0	0
Provision: Leave	2,271,571	2,332,571
Stand-by Service	1,249,500	1,625,501
Housing and Allowance	2,263,842	2,848,404
Protective Clothing	1,245,616	1,112,086
Overtime Remuneration	3,746,162	7,144,455
Temporary Workers	1,101,406	1,815
Project Workers	143,200	102,967
Supervisors	91,700	460,282
Reservists	789,200	606,240
Shift Allowance	532,166	0
Transport Allowance	5,027,463	6,686,180
Provision for post retirement medical benefits	0	75,862,841
	<b>162,567,576</b>	<b>229,112,801</b>

**TLOKWE CITY COUNCIL**

# **CHAPTER 4**



## **MUNICIPAL FUNCTIONAL SERVICE DELEVERY**

# FUNCTIONAL SERVICE DELIVERY REPORTING

## EXECUTIVE MAYOR

### ADMINISTRATION

DETAIL		TOTAL		
Overview:	The Administration must render a support to the Executive Mayor to fulfil all his executive duties.		Budget R	Actual R
Activity:	The function of Administration Executive Mayor within the municipality is administered as follows:	Revenue Expenditure	0 7,661,215	0 8,108,165
<p>Fulfill all legal and constitutional obligations. Adhere to and implement all Council policies and regulations. Administer all Mayoral Committee functions. To develop and implement Council policies. Monitor and control the annual budget.</p> <p><b>Programme Objectives</b></p> <p>The department must act on high priority projects for Council. Lead all stakeholders in the strategic and political direction of Council. Adhere to all Council policies and regulations.</p> <p><b>Challenges</b></p> <p>Shortage of key personnel. Budgeting constraints. To align Council equity plan.</p>				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration Executive Mayor personnel:		2,718,396	2,867,713
	- Managers			
	- Senior Management	2		
	- Middle Management	2		
	- Clerical	2		
	- Other	1		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			16,378	16,378
<b>Key Performance Indicators</b>				
<p>To improve service delivery to the community of Potchefstroom. To alleviate poverty and create more job opportunities. To attract investments from external investors. To give political guidance and leadership.</p>				



GENDER AND YOUTH				
DETAIL		TOTAL		
Overview:	The administration must render support to the Gender and Youth of this community		Budget R	Actual R
Activity:	The function of Gender and Youth within the municipality is administered as follows:	Revenue Expenditure	0 14,993	0 10,199
	Monitor and control budget To adress transversal issues			
	<b>Programme Objectives</b>			
	To provide an effective and efficient service to the Gender and Youth of this community			
	<b>Challenges</b>			
	Shortage of staff Budget constraints Lack of resources for community development			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Communication personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1	4,293	4,293
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To enhance Gender and Youth development To develop leaders for the future			

DONATIONS				
DETAIL		TOTAL		
Overview:	To administer Grants-in Aid and Donations.		Budget R	Actual R
Activity:	The function of Grants-in Aid and Donations within the municipality is administered as follows:	Revenue Expenditure	0 220,000	0 222,785
Monitor and control all grants-in-aid and donations made by Council.				
<b>Programme Objectives</b>				
Implement and manage a donation fund.				
<b>Challenges</b>				
Limited funds.				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
Number and cost to employer of all Grants-in Aid and Donations personnel:			0	0
- Managers		N/A		
- Senior Management		N/A		
- Middle Management		N/A		
- Clerical		N/A		
- Other		N/A		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
To assist the destitute and needy.				

COMMUNICATION				
DETAIL		TOTAL		
<b>Overview:</b>	<b>All activities of branding, public relations and marketing of the City as well as assisting in all activities of the Mayor.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Communication within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>0 2,026,984</b>	<b>0 2,058,147</b>
	Write speeches for the Executive Mayor or his representative at official functions. Official photography of Council activities. Compile and design the agenda newsletter on a monthly basis. Media management: statements, press sessions and liaising with the media. Branding at all official activities of Council. Disseminating relevant Council information to both internal and external audiences. - Colleagues and the general public.			
	<b>Programme Objectives</b>			
	Attract direct investments to Potchefstroom by participating in high level negotiations. Create and maintain good relations between Council and other spheres of government as well as local, national and international communities. Market and communicate the council's strategies, objectives and initiatives to local and provincial government and other stakeholders.			
	<b>Challenges</b>			
	Poor despondence of media to events of municipality. Few media houses that could assist in transferring information to the community. Shortage of staff. Lack of resources for community liaison purposes.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Communication personnel:		965,980	1,011,941
	- Managers			
	- Senior Management	1		
	- Middle Management	2		
	- Clerical			
	- Other			
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
Media management. Public relations matters of the municipalities. Internal and external communication management. Marketing the services of the municipality. Marketing the municipality to outside investors.				

# FUNCTIONAL SERVICE DELIVERY REPORTING

## OFFICE OF THE SPEAKER

### ADMINISTRATION

DETAIL		TOTAL		
Overview:	General administrative and other support services		Budget R	Actual R
Activity:	The function of the Administration of the Office of the Speaker is administered as follows	Revenue Expenditure	0 5,095,188	0 5,291,605
	<p>Central archiving, record-keeping services and mailing.</p> <p>Compliance with legislation with regard to the safekeeping of records and other specific items.</p> <p>To provide accurate updated information on legitimate requests received from any other directorate.</p> <p>Provide messenger services relevant to the activities of the Office of the Speaker.</p> <p>Management of the availability of required venues to be utilised by the Speaker i.e. community halls, Council chambers etc.</p>			
	<b>Programme Objectives</b>			
	To provide central archiving, record keeping services and mailing.			
	<b>Challenges</b>			
	Staff shortage.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration of the Office of the Speaker personnel:			
	- Managers	1		
	- Senior Management			
	- Middle Management	3		
	- Clerical	7		
	- Other	12		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		117,563	117,563
	<b>Key Performance Indicators</b>			
	<p>General administrative and other support services to enhance the main functions of the speaker</p> <p>Committee / meetings Secretariat</p> <p>Legal advisory services</p>			

OFFICE OF THE SPEAKER				
DETAIL		TOTAL		
<b>Overview:</b>	<b>General administrative and other support services relevant to the main functions of the Speaker.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Office of the Speaker within the municipality is administered as follows</b>	<b>Revenue</b>	<b>0</b>	<b>0</b>
		<b>Expenditure</b>	<b>1,782,055</b>	<b>1,678,895</b>
	Programming and co-ordinating the central diary of Council activities and meeting dates. The preparation of documents and execution of administrative tasks subsequent to meetings. General document processing. To ensure that there is legal compliance to legislation, precedence and authoritative guidelines.			
	<b>Programme Objectives</b>			
	To facilitate and administer council meetings. Training of officials, Portfolio and Ward Committee Members. To provide legal and secretarial support to the speaker.			
	<b>Challenges</b>			
	Training Councillors and Ward Committee Members.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Manager of the Speaker personnel:		1,470,606	1,287,379
	- Managers			
	- Senior Management	3		
	- Middle Management	4		
	- Clerical			
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Establishment and effective functioning of Ward Committees. Policy development. Community involvement and public participation. Policy and sectoral plan development.			

COUNCILLORS REMUNERATION				
DETAIL		TOTAL		
Overview:	Councillor orientation and support.		Budget R	Actual R
Activity:	The function of Councillors Remuneration within the municipality is administered as follows	Revenue Expenditure	-1,200 17,128,088	-155 16,449,562
<p>To give effect to the establishment notice for Ward Committees.</p> <p>Train, capacitate ward committee members, and other support services.</p> <p>To technically assist Speaker in monitoring performance of Ward Committees.</p> <p>Councillor Orientation and Support.</p> <p>Identify, facilitate and co-ordinate Councillor training requirements.</p> <p>To manage and assist Councillors with regard to Councillor remuneration, benefits, allowances, transport arrangements, cell phone arrangements, etc.</p> <p>To provide technical support to the Disciplinary Committee and Speaker with regard to activities related to the Code of Conduct for Councillors and the Rules of Order.</p> <p>Facilitate interactions between inputs from ward committees and the community to ensure effect is given to public participation processes and response by the executive and administration in.</p>				
<b>Programme Objectives</b>				
Capacitate council and committees.				
<b>Challenges</b>				
Insufficient office space for Ward Councillors to administer community issues.				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
Number and cost to employer of all Administration of the Office of the Speaker personnel:				
- Managers		N/A		
- Senior Management		N/A		
- Middle Management		N/A		
- Clerical		N/A		
- Other		N/A		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			86,925	86,925
<b>Key Performance Indicators</b>				
Code of conduct for Councillors.				
Councillor training.				



# FUNCTIONAL SERVICE DELIVERY REPORTING

## MUNICIPAL MANAGER

### ADMINISTRATION

DETAIL		TOTAL		
<b>Overview:</b>	The Municipal Manager is required to lead and direct the administration aspects of the Municipality, account to the Council and work towards the fulfilment of the objects of local government as described in the Constitution of the Republic of South Africa.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Municipal Manager is administered as follows	<b>Revenue Expenditure</b>	<b>1,400,000 6,969,280</b>	<b>0 6,344,671</b>
<p>Managing the interface between management and the political executive by attending regular Mayoral Committee meetings and Council meetings.</p> <p>Regular management meetings with Managers.</p> <p>Monitor and control the budget so that expenditure is in line with requirements and the IDP.</p> <p>Adhere to all Council- and other sectoral binding policies and procedures.</p>				
<b>Programme Objectives</b>				
<p>Tlokwe City Council is managed on sound principals to ensure efficient and effective service delivery.</p> <p>Capacitate the Municipal workforce through skills development and best practices.</p>				
<b>Challenges</b>				
<p>Physical infrastructure and housing backlogs.</p> <p>Human Resources development influenced by budget constraints.</p>				
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Municipal Manager personnel:			
	- Managers	2		
	- Senior Management	3		
	- Middle Management			
	- Clerical	3		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		6,021,659	21,659
<b>Key Performance Indicators</b>				
<p>Annual review of the IDP and linkage with the budget.</p> <p>Monitor and control the budget by:</p> <p>Submission of monthly, quarterly and annual financial reports.</p> <p>Submission of Amendment Budget</p>				

IDP AND PMS				
DETAIL		TOTAL		
<b>Overview:</b>	<b>The Strategic Management section is required to administer all special projects that the Municipality has undertaken.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Strategic Management within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>0 1,535,318</b>	<b>0 1,954,422</b>
	<p>Co-ordination of the annual review of the Council's IDP.</p> <p>Integration of the IDP with the budget and the performance management system.</p> <p>Development of organisational- and Section 57 KPI's.</p> <p>Development of an enterprise-wide Geographic Information System (GIS) for Council.</p> <p>Promoting co-operative governance by attending District and provincial IDP workshops and forums.</p> <p>Integration of sectoral plans and facilitating the development thereof.</p> <p>Presentations on the IDP to the Council and any of its forums as well as any external stakeholder.</p>			
	<b>Programme Objectives</b>			
	To support integrated and coordinated decision-making in pursuit of sustainable development based on innovation and community and stakeholder participation.			
	<b>Challenges</b>			
	<p>Promotion of effective public participation in the IDP/Budget process.</p> <p>Development of non-financial key performance indicators.</p> <p>Standardisation of the Service Delivery and Budget Implementation Plan (SDBIP) according to National Treasury directives.</p>			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	<p>Number and cost to employer of all Strategic Management personnel:</p> <ul style="list-style-type: none"> <li>- Managers</li> <li>- Senior Management</li> <li>- Middle Management</li> <li>- Clerical</li> <li>- Other</li> </ul>	1	799,280	845,953
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	<p>Annual review of the IDP and linkage with the budget.</p> <p>Development of amended SDBIP format in consultation with the Budget Office.</p> <p>Development of Departmental KPI's linked to the IDP (Departmental Scorecards)</p> <p>Finalisation of the roll-out of Phase 1 of the enterprise-wide GIS (pilot project)</p>			

VALUATION SERVICES				
DETAIL		TOTAL		
<b>Overview:</b>	<b>Provide a comprehensive tax base management and property tax related valuation as well as an ad - hoc valuation service to Tlokwe City Council.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>1.The function of tax base management and property tax valuation is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>0 1,723,130</b>	<b>0 1,790,268</b>
<p><b>1.1.Tax base management</b> Continuous administrative updating of Councils Official Valuation Roll and internal hard copy files from monthly deeds office info and other sources</p> <p><b>1.2. Supplementary valuations.</b> 1.2.1.Do inspections, update internal records and do valuation on all fixed property due to new buildings, additions, reasoning, sub-divisions, consolidations etc.</p> <p><b>1.3. Periodical General valuations.</b> Establishing the prescribed official periodical General Valuation Roll to Council. The strategic objectives of these functions are to: Provide Council with a legally sound and updated tax base to be used as a major income source.</p> <p><b>2.The function of an ad hoc valuation service within the municipality is administered as follows and includes:</b></p> <p><b>2.1.Ad hoc valuation service</b> Doing market research on property related issues and applying these data and norms to ad hoc valuation requests from other departments in Council.</p> <p><b>2.2. Property rental advisory service</b> Doing market research on property related issues and applying these data and norms to ad hoc valuation requests from outside clients</p> <p><b>Programme Objectives</b> Provide Council with updated and property related information to make economical sound and objective decisions relating to property , as well to provide a service to clients/ratepayers based on Batho Pele principles.</p> <p><b>Challenges</b> Introduction of the Property Rates Act</p>				
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all City Valuer personnel: - Managers - Senior Management - Middle Management - Clerical - Other	  1 1 3 1	  1,346,694	  1,415,575
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		1,877,104	1,857,701
	<b>Key Performance Indicators</b>			
	Adressing complaints from the consumers during the valuation process			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## BUDGET AND TREASURY OFFICE

### BUDGET PLANNING & IMPLEMENTATION

DETAIL		TOTAL		
<b>Overview:</b>	To provide effective and efficient budget planning and contribute a linkage to the integrated development planning of the City Council of Tlokwe.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Budget Planning & Implementation within the municipality is administered as follows:	<b>Revenue Expenditure</b>	<b>0 969,788</b>	<b>0 1,080,771</b>
<p>Compiling of annual Municipal Budget (operational &amp; capital) in terms of the MFMA.</p> <p>Managing in-year early warning reporting system.</p> <p>Compiling of the annual adjustment budget according to the MFMA.</p>				
<b>Programme Objectives</b>				
<p>To provide Council with a comprehensive annual budget that is linked to the integrated development plan.</p> <p>To monitor the spending patterns according to the service delivery budget implementation plan.</p>				
<b>Challenges</b>				
New Budget regulations to be implemented in a short space of time				
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
<p>Number and cost to employer of all Budget Planning &amp; Implementation personnel:</p> <ul style="list-style-type: none"> <li>- Managers</li> <li>- Senior Management</li> <li>- Middle Management</li> <li>- Clerical</li> <li>- Other</li> </ul>		<p>1</p> <p>1</p>	784,596	765,469
<b>Capital</b>		<b>Budget</b>		<b>Actual</b>
Projects		8,170		8,170
<b>Key Performance Indicators</b>				
<p>Compiling of annual Municipal Budget (operational &amp; capital) in terms of the MFMA.</p> <p>Compilation of the mid-year budget according to the MFMA.</p> <p>Monitoring and managing the budget on a monthly basis.</p> <p>Monthly reporting to National and Provincial Treasury</p>				

FINANCIAL MANAGEMENT				
DETAIL		TOTAL		
<b>Overview:</b>	<b>To provide financial information and management services. Manage all investments: assets and liabilities.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Financial Management within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-64,261,000 51,265,566</b>	<b>-78,061,254 52,248,974</b>
<p>Compilation of annual financial statements.</p> <p>Manage the accounting procedures: Income and Expenditure.</p> <p>Servicing all external loans and other financial commitments.</p> <p>Monthly reporting on cash flow and financial management system.</p> <p>Finalisation of tenders through the supply chain management unit.</p>				
<b>Programme Objectives</b>				
Provide accounting and financial management services to the Council and National Treasury.				
<b>Challenges</b>				
<p>Shortage of experienced and skilled personnel.</p> <p>In house training for the financial staff</p>				
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
Number and cost to employer of all Financial Management personnel:			3,191,367	2,965,652
- Managers		1		
- Senior Management		2		
- Middle Management		11		
- Clerical				
- Other		1		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			63,635	63,635
<b>Key Performance Indicators</b>			<b>Target</b>	<b>Achieved</b>
<p>Compilation of monthly financial statements and reports.</p> <p>Payment of monthly salaries to Council officials.</p> <p>Regular payments to creditors.</p>				

REVENUE MANAGEMENT				
DETAIL		TOTAL		
Overview:	To have a transparent financial control and cash management system.		Budget R	Actual R
Activity:	The function of Revenue & Debt Management within the municipality is administered as follows:	Revenue Expenditure	0 6,473,432	0 6,071,674
	Preparing the municipality's annual revenue budget for basic services. Exercise control over the municipal revenue collection in conjunction with the credit control policy. Managing the monthly suspension of municipal services of defaulters. Manage the process of arrear debtors and legal aspects. Manage the integrated consumer billing system. Finalise the monthly meter reading process prior to billing of consumer accounts.			
	<b>Programme Objectives</b>			
	Implement and manage an indigent grant system. Maximise revenue collection for services rendered.			
	<b>Challenges</b>			
	Shortage of experienced staff. Monitoring of meters(water and electricity)			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Revenue & Debt Management personnel:		6,129,152	5,549,129
	- Managers			
	- Senior Management			
	- Middle Management	4		
	- Clerical	19		
	- Other	18		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			2,530,664	2,530,664
<b>Key Performance Indicators</b>				
Debt management and customer care Administration of debtors				



GOVERNANCE				
DETAIL		TOTAL		
<b>Overview:</b>	<b>Managing financial systems and render financial training to staff. Implement and monitor treasury norms and standards.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Financial Governance within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>0 1,874,814</b>	<b>0 1,766,441</b>
	Develop financial and budget norms and standards in consultation with National and Provincial Treasury.			
	Develop the fraud prevention and risk management plan.			
	Submitting monthly, quarterly and yearly reports to National and Provincial Departments.			
	<b>Programme Objectives</b>			
	Develop and implement a fraud prevention and risk management plan for the municipality. Develop financial capacity and training within the department of finance.			
	<b>Challenges</b>			
	To build capacity in the department.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Financial Governance personnel:		1,849,936	1,739,138
	- Managers	1		
	- Senior Management	1		
	- Middle Management			
	- Clerical	2		
	- Other	1		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
Administration of Audit Committee Meetings.				
Implementation of reports and resolutions.				
Attend Council and Senior Management meetings.				
Annual audit report from AG Office.				
Managing annual budget and staff.				

ASSET MANAGEMENT				
DETAIL		TOTAL		
Overview:	Managing of all moveable and immovable assets of the City Council.		Budget R	Actual R
Activity:	The function of Asset Management within the municipality is administered as follows:	Revenue Expenditure	-250 -297,063	-9,000 550,893
	Manage the assets of the institution according to the MFMA. Manage the investment portfolio. Procure all goods and services. Manage the operations of all bank accounts and cashbook of the municipality. Manage the identification, classification and recording of all assets as well as revaluation of all non-current assets. Manage the insurance portfolio			
	<b>Programme Objectives</b>			
	Manage an asset management system. Procure goods and services for the Stores section			
	<b>Challenges</b>			
	To manage council assets to norms and standards.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Asset Management personnel:		1,396,300	1,409,248
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	4		
	- Other	3		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		973,137	945,342
	<b>Key Performance Indicators</b>			
	Managing of investments and loans. Recording and monitoring of all assets. Updating of the Cash Book Managing Stores and Procurement			

ASSESSMENT RATES				
DETAIL		TOTAL		
Overview:	Property valuation determines the assessment income for the City Council.		Budget R	Actual R
Activity:	The function of Assessment Rates within the municipality is administered as follows:	Revenue Expenditure	-68,985,326 0	-72,763,070 0
	All properties are assessed by the valuation department.			
	<b>Programme Objectives</b>			
	Collect income based on assessment rates from the community.			
	<b>Challenges</b>			
	Valuation of properties Municipal borders of Potchefstroom have increased. Lack of experienced personnel.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Asset Management personnel:		0	0
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Levying of assessment rates to all consumers.			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## PUBLIC SAFETY

### TESTING STATION

DETAIL		TOTAL		
Overview:	The Testing Station is managed according to SABS codes.		Budget R	Actual R
Activity:	The function of the Testing Station within the municipality is administered as follows:	Revenue Expenditure	-2,331,180 2,877,389	-3,332,296 3,670,225
	Road Worthiness Learners Licences Drivers Licences			
	<b>Programme Objectives</b>			
	Test motor vehicles for roadworthiness. Test applicants for learner and driver's licenses.			
	<b>Challenges</b>			
	Shortage of experienced personnel.			
Analysis of the Function:	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Testing Station personnel:		1,953,861	1,772,491
	- Managers			
	- Senior Management			
	- Middle Management	3		
	- Clerical	6		
	- Other	6		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Testing of driver's licences Testing of learner licences Roadworthiness certificates Renewal of driver's licenses			

LICENSING				
DETAIL		TOTAL		
Overview:	Registration and licensing of motor vehicles.		Budget R	Actual R
Activity:	The function of the Licensing Section within the municipality is administered as follows:	Revenue Expenditure	-3,055,730 2,206,126	-5,111,870 2,145,757
	The function of Licensing within the municipality is administered as follows and includes: Registration and licensing of motor vehicles Issue of Business licences Issue of permits for Informal Trading Stands Daily payment to the Department of Transport			
	<b>Programme Objectives</b>			
	Enhance the agency for licensing and clearance certificates.			
	<b>Challenges</b>			
	Inadequate building facilities.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Licensing personnel:		1,689,471	1,720,992
	- Managers			
	- Senior Management			
	- Middle Management	1		
	- Clerical	3		
	- Other	6		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
Renewal of motor vehicle licenses as per agreement with Provincial Government Efficient and friendly service delivery.				

TRAFFIC SERVICES				
DETAIL		TOTAL		
Overview:	To promote road safety and enforce traffic laws and regulations.		Budget R	Actual R
Activity:	The Traffic Services functions of the municipality are administered as follows:	Revenue Expenditure	-6,209,600 10,178,120	-12,549,091 10,255,048
	Monthly operations Payments received during TCS monthly roadblocks Abnormal loads - escorts Marathon Effectiveness of traffic fines collection Reservist Programme (Scholar Patrol) Develop a yearly public training and road safety program Conduct arrive alive projects Road blocks Special operations Points duty reservist school programme Robots not functional Animals on road HMV lost freight Court attendance Escorts			
	<b>Programme Objectives</b>			
	Enforce the law and minimize traffic violations.			
	<b>Challenges</b>			
	Shortage of staff			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Traffic Services personnel:		7,448,566	6,442,331
	- Managers	1		
	- Senior Management	4		
	- Middle Management	21		
	- Clerical	9		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Ensure law enforcement function in the greater Potchefstroom district.			



FIRE SERVICES				
DETAIL		TOTAL		
<b>Overview:</b>	<b>To operate an effective fire fighting and other support services relevant to the main function of Fire Services.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The Fire Services functions of the municipality are administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-42,540 8,818,622</b>	<b>658 7,989,584</b>
	Operational fire fighting Rescue services Special services Fire safety inspections Fire Reservist programme			
	<b>Programme Objectives</b>			
	Reduce fire losses and provide humanitarian services.			
	<b>Challenges</b>			
	Shortage of key personnel Insufficient rescue equipment Replacement of veldt fire unit			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Fire Services personnel:		7,258,397	6,455,698
	- Managers	1		
	- Senior Management	3		
	- Middle Management	26		
	- Clerical	11		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To maximise all fire related services to the community.			

DISASTER MANAGEMENT				
DETAIL		TOTAL		
Overview:	Implement and manage an effective disaster management plan.		Budget R	Actual R
Activity:	The Disaster Management functions of the municipality are administered as follows:	Revenue Expenditure	0 1,821,760	0 1,716,935
	To manage the control centre for the entire municipality. To render an after hour pay point for traffic offenders. Billing of fire services rendered. Risk management. Co-ordination of all major events in the city.			
	<b>Programme Objectives</b>			
	To manage disasters in the demarcated Municipal area			
	<b>Challenges</b> Budget constraints. Lack of staff Lack of high technology vehicles Lack of high technology equipment for the control centre			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Disaster Management personnel:		1,412,558	1,362,771
	- Managers			
	- Senior Management	1		
	- Middle Management			
	- Clerical	1		
	- Other	6		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
To manage disaster in the demarcated Municipal area				

TRAFFIC SERVICES: TECHNICAL AND TRANSPORT				
DETAIL		TOTAL		
<b>Overview:</b>	To promote road safety in terms of the Road Traffic Act, manage Integrated transport planning and implementation in terms of the National Land Transitional Transport Act (NLTTA), to ensure compliance to the directives of the Southern African Development Community Road Traffic Signs Manual (RTSM).		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	Traffic signs and street painting teams.	<b>Revenue Expenditure</b>	<b>-36,600 2,041,520</b>	<b>-20,139 1,777,256</b>
	1. To manage and maintain all road signs and road markings in Potchefstroom			
	2. Transport Committee.			
	<b>Programme Objectives</b>			
	Maintain and improve road signs and road markings.			
	<b>Challenges</b>			
		Vandalism and theft of road signs. Cost of maintenance Condition of roads		
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Traffic Engineering and Parking personnel:		1,439,577	1,203,108
	- Managers			
	- Senior Management			
	- Middle Management	1		
	- Clerical	2		
	- Other	11		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
Ensure operational law enforcement function in the greater Potchefstroom district.				
Management of Public Private Partnership within the department.				
Management of Transport Committee (Number of meetings)				
Approval of the Road Transportation Plan				

SECURITY AND LOSS CONTROL				
DETAIL		TOTAL		
Overview:	Managing security and loss control for the entire organisation.		Budget R	Actual R
Activity:	The Security and Fire Safety functions of the municipality are administered as follows:	Revenue Expenditure	0 3,413,371	0 3,075,076
	Management of security by service providers. Management of loss control. Investigate security related matters Administer all applications for gatherings. Control of all firearms in the possession of the City Council.			
	<b>Programme Objectives</b>			
	To manage the private security service providers in order to effectively protect the Council's assets Compile, apply, coordinate and evaluate internal security measures. Minimize losses and damages within the City Council			
	<b>Challenges</b>			
	Compilation and approval of an internal security policy Regulation of car watchers Training of personnel with regard to Loss Control			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Security and Fire Safety personnel: - Managers - Senior Management - Middle Management - Clerical - Other	   1 1 3	895,275	567,188
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Management of private security service providers			

PUBLIC EDUCATION AND TRAINING				
DETAIL		TOTAL		
Overview:	To train personnel on fire services and educate the public through awareness campaigns.		Budget R	Actual R
Activity:	The function of the Public Education & Training within the municipality is administered as follows	Revenue Expenditure	-220,500 826,359	-307,593 650,579
	Fire Safety Awareness / Public education programme Training of professional fire fighters Training of other institutions			
	<b>Programme Objectives</b>			
	Compile an adequate training programme Provide adequate training to other institutions for revenue generation			
	<b>Challenges</b>			
	Shortage of skilled staff. Inadequate accommodation facilities.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Public Education & Training personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2	384,715	213,457
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Training and Public Education Program.			

ADMINISTRATION				
DETAIL		TOTAL		
Overview:	To manage the provision of sound administrative services and processes in the Department.		Budget R	Actual R
Activity:	The function of the Public Safety Administration within the municipality is administered as follows:	Revenue Expenditure	0 3,315,888	0 2,994,195
<p>Manage the administration of the department, policy development, coordinate activities between support functions and prepare and submit reports to Council.</p> <p>Financial administration regarding Traffic law enforcement</p> <p>Monitor and coordinate human resource function in the Department.</p> <p>Legal compliance to legislation</p>				
<b>Programme Objectives</b>				
<p>Monitor and control the department's budget.</p> <p>Implementing all Council policies and regulations.</p>				
<b>Challenges</b>				
Budget constraints				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Public Safety Administration personnel:			
	- Managers	1		
	- Senior Management			
	- Middle Management	3		
	- Clerical	4		
	- Other	8		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		10,200	10,187
<b>Key Performance Indicators</b>				
Lead, direct and manage staff within the department to meet all its objectives.				

# FUNCTIONAL SERVICE DELIVERY REPORTING

## CORPORATE SERVICES

### ADMINISTRATION

DETAIL		TOTAL		
<b>Overview:</b>	Co-ordinates the capacitation of the municipal workforce through human resource management, skills development, labour relations and employee assistance program		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Administration Corporate Services within the municipality is administered as follows:	<b>Revenue Expenditure</b>	<b>-252,000 5,223,104</b>	<b>0 4,190,501</b>
	Implementing council policies and procedures. Monitor and control budget. Lead, direct and manage staff within the departments.			
	<b>Programme Objectives</b>			
	To provide an effective and efficient service in the administration.			
	<b>Challenges</b>			
	The Department is seriously understaffed.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Administration Corporate Services personnel:		4,402,047	3,267,955
	- Managers	1		
	- Senior Management	1		
	- Middle Management	3		
	- Clerical	2		
	- Other	32		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		10,200	10,187
	<b>Key Performance Indicators</b>			
	Manage and guide on the creation of a workforce culture that is responsive to a sound labour relations, gender, youth, disability and women sensitive. Manage the capacity of the workforce through skills development, employment equity, learnership and mentor student. Implementation of all council resolutions. Manage the overall budget of the department.			



## HUMAN RESOURCES

HUMAN RESOURCES				
DETAIL		TOTAL		
<b>Overview:</b>	Human Resource Management include recruitment and selection, induction, psychometric testing, orientation and employee assistance programme.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Human Resources within the municipality is administered as follows:	<b>Revenue Expenditure</b>	<b>-220,000 10,838,714</b>	<b>-321,383 9,947,990</b>
Placing of advertisements internally and externally. Drawing up of job descriptions and job evaluation for posts. Administering of workforce profiles. Efficient management support on emotional and physical issues through counselling.				
<b>Programme Objectives</b>				
To empower and capacitate the municipal workforce. To assist employees with counselling on social problems.				
<b>Challenges</b>				
To have a motivated and skilled workforce. To develop an EAP network in the organization.				
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
Number and cost to employer of all Human Resources personnel:			2,819,416	2,548,309
- Managers				
- Senior Management		1		
- Middle Management		3		
- Clerical		5		
- Other		3		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			53,186	53,186
<b>Key Performance Indicators</b>				
Management of recruitment, selection, placement, induction, promotion, transfers and terminations. Management of an effective Employee Assistance Program to enhance the quality of the workforce.				

## COMPUTER SERVICES

COMPUTER SERVICES				
DETAIL		TOTAL		
<b>Overview:</b>	<b>Provide a comprehensive management information system and infrastructure service to the City Council.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Computer Services within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-0 4,622,564</b>	<b>-0 4,068,505</b>
<p>Continuous updating and rendering of Water &amp; light Accounts to the public.            Continuously updating &amp; Monthly producing of Payslips for personnel.            Continuously updating, producing Creditors statements.            Continuously process Data for Expenditure, Income and General Ledgers            Maintaining and Updating the Wide Area Network of Council.            Analysis, Design, developed &amp; maintaining systems for council.            Acquisition of new Hardware and software.            Maintaining and updating the Hardware and software.            To advice Council on all policies related to IT.            To administer the Internet according to laid down policies.</p>				
<b>Programme Objectives</b>				
Provide Council with updated IT related information to make sound economical decisions. To render effective and efficient Information System services according to the Batho Pele principles of service standards, honesty, respect for human dignity and to ensure a consensus transformation process and value for money.				
<b>Challenges</b>				
Upgrading of hard / software Internet usage Infrastructure maintenance				
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
Number and cost to employer of all Computer Services personnel:			1,176,961	987,172
- Managers		1		
- Senior Management		1		
- Middle Management		1		
- Clerical		3		
- Other				
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			105,173	105,133
<b>Key Performance Indicators</b>				
Delivering monthly statements, payslips, payment advices, cheques and reports. Completion of daily transactions. Yearly handling of Year-end procedures. Daily backup procedures. Managing the wide area network for internal clients. Managing the internet and intranet for internal clients. Managing the acquisition of hardware, software and maintaining there off. Analysis, design, develop and maintaining of software.				

## AUXILLARY SERVICES

AUXILLARY SERVICES				
DETAIL		TOTAL		
<b>Overview:</b>	<b>Auxillary Services include the Dan Tloome complex, the printing department and the telephone exchange</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Auxillary Services within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-0 1,543,305</b>	<b>-0 1,621,256</b>
	Manage and maintain the following services in the Municipality: - Telephone System - Printing Department - Dan Tloome Complex			
	<b>Programme Objectives</b>			
	An efficient internal and external communication system To provide a printing service to all the departments in the Council Co-ordinate all the meetings and workshops in the complex			
	<b>Challenges</b>			
	Manage and control the budget Lack of staff High maintenance on technical equipment			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Auxillary Services personnel:		700,239	630,581
	- Managers			
	- Senior Management	1		
	- Middle Management			
	- Clerical			
	- Other	4		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To manage the internal and external calls To assist departments with a high volume of printing To co-ordinate all meetings and workshops in the complex			

COMMUNITY CENTRES				
DETAIL		TOTAL		
<b>Overview:</b>	To Provide venues and hosting of different Council and public or private functions, meetings and events.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Community Centres within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-174,630 2,514,140</b>	<b>-220,722 2,762,710</b>
	<p>Conduct bookings telephonically or in person and refer clients for payment in certain cases arranges for free availability of facilities.</p> <p>Help with preparations of the booked facilities according to the request of the clients.</p> <p>Conduct general maintenance and cleaning activities of the infrastructure and facilities.</p> <p>Transporting tables and chairs between community halls when required.</p>			
	<b>Programme Objectives</b>			
	<p>To provide people friendly service to our community in a less cost effective manner.</p> <p>To extend the accessibility of our facilities to the rest of our community.</p> <p>Promoting our facilities to the benefit of the local economy.</p>			
	<b>Challenges</b>			
	<p>Limited funds available for the upgrading of Community Facilities.</p> <p>Upgrading of the Madiba Banqueting Hall</p>			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Community Centres personnel:		1,732,123	1,956,666
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical	3		
	- Other	16		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	<p>Promote and extend the accessibility of our facilities to the community.</p> <p>Upgrading of the existing facilities</p>			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## INFRASTRUCTURE

### ADMINISTRATION

DETAIL		TOTAL		
<b>Overview:</b>	To provide an effective and efficient administration of the department and deliver sound engineering services.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Administration Infrastructure within the municipality is administered as follows:	<b>Revenue Expenditure</b>	<b>-0 5,970,449</b>	<b>-89,530 5,635,096</b>
	<p>Ensure compliance with legislation and policies at local, provincial and national levels.</p> <p>Execute and implement resolutions of Council.</p> <p>Compile and manage the budget of the department.</p> <p>Manage personnel of the department and provide for training and development.</p>			
	<b>Programme Objectives</b>			
	<p>Lead, direct and manage staff and fulfill Batho Pele principles.</p> <p>Monitor operating and capital budget.</p> <p>Maintain infrastructure assets.</p> <p>Adhere to all national regulations and policies.</p>			
	<b>Challenges</b>			
	Manage and maintain infrastructure assets. (Roads, sewer, plants and equipment)			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Administration Infrastructure personnel:			
	- Managers	1		
	- Senior Management			
	- Middle Management	4		
	- Clerical	5		
	- Other	2		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		10,200	10,187
	<b>Key Performance Indicators</b>			
	<p>Compliance with national regulations, policies and acts.</p> <p>Efficient administration within the department.</p>			

SEWERAGE				
DETAIL		TOTAL		
<b>Overview:</b>	<b>Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The sewerage functions of the municipality are administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-28,968,058 13,456,534</b>	<b>-30,431,190 13,353,999</b>
	Purification of sewers. Blockage removal - private. Main sewer blockage removals. New sewerage connections. Maintenance of sewerage network.			
	<b>Programme Objectives</b>			
	To provide sewerage to all residents at affordable tariffs. To provide alternative sewerage facilities to households where no services exist. To maintain the existing sewerage network.			
	<b>Challenges</b>			
	Maintenance of the sewer treatment plant.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Sewerage personnel:		4,818,467	5,152,465
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical	4		
	- Other	46		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		42,878,238	13,738,066
	<b>Key Performance Indicators</b>			
	Optimise the sustainability of sewer services.			
	Manage and maintain the sewer treatment plant.			

STORMWATER				
DETAIL		TOTAL		
Overview:	Construction and maintenance of stormwater network in the district of Potchefstroom.		Budget R	Actual R
Activity:	The function of Stormwater within the municipality is administered as follows:	Revenue Expenditure	-0 552,210	-0 723,742
	Provision of new and replacement of broken stormwater pipes. Cleaning of blocked stormwater pipes.			
	<b>Programme Objectives</b>			
	To maintain and manage the stormwater network.			
	<b>Challenges</b>			
	Insufficient funding for capital projects.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Stormwater personnel:		0	0
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		2,852,289	1,886,593
	<b>Key Performance Indicators</b>			
	Manage and maintain the stormwater infrastructure.			



WATER RETICULATION				
DETAIL		TOTAL		
<b>Overview:</b>	<b>The Municipality is responsible for the bulk purchase and distribution of water in the demarcated area of Potchefstroom.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The water purchase and distribution functions of the municipality are administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-50,253,027 19,347,706</b>	<b>-51,543,121 20,706,739</b>
<p>Water purchase and distribution is administered within in the municipality.</p> <p>Water connections and testing of water meters regarding water leaks and water flow interruptions.</p> <p>To operate and maintain the water purification plant.</p> <p>To build a distribution network to provide water to all consumers.</p>				
<b>Programme Objectives</b>				
<p>To create a culture of water conservation to all consumers.</p> <p>To optimise the rate of sustainable water service delivery and to minimise water losses.</p> <p>To provide each household with free basic water.</p>				
<b>Challenges</b>				
<p>Effective maintenance of water purification plant and distribution network to minimise the cost price of water.</p> <p>Insufficient funds to expand distribution network.</p>				
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Water Reticulation personnel:		6,977,949	7,073,577
	- Managers			
	- Senior Management	1		
	- Middle Management	2		
	- Clerical	5		
	- Other	45		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			5,400,264	5,045,397
<b>Key Performance Indicators</b>				
<p>To purify raw water for human consumption.</p> <p>To provide new water connections.</p> <p>To repair and maintain water meters.</p>				

ROADS				
DETAIL		TOTAL		
Overview:	Construction and maintenance of quality roads for the inhabitants of Potchefstroom.		Budget R	Actual R
Activity:	The road maintenance and construction responsibilities of the municipality are administered as follows:	Revenue Expenditure	-414,000 16,480,888	-7,171 14,560,681
	Construction of new tarred, paved and gravel roads. Maintenance of existing tarred. Paved and gravel roads.			
	<b>Programme Objectives</b>			
	To provide and maintain quality roads for the people of Potchefstroom.			
	<b>Challenges</b>			
	Insufficient funds for maintenance of roads. Shortage of personnel and equipment			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Roads personnel:		7,073,006	6,030,650
	- Managers			
	- Senior Management	1		
	- Middle Management	5		
	- Clerical	5		
	- Other	45		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		17,189,969	12,057,569
	<b>Key Performance Indicators</b>			
	Maintenance of tarred, paved and gravel roads. Building of new roads.			

STREET LIGHTING				
DETAIL		TOTAL		
Overview:	To provide and maintain a street lighting network in Potchefstroom.		Budget R	Actual R
Activity:	Street lighting responsibilities of the municipality are administered as follows:	Revenue Expenditure	0 3,371,782	0 3,050,429
	Replace lamps and clean diffusers and bowls. Replace circuit breaker and wiring. Repair street light control and feeder cables. Replace redundant luminaries.			
	<b>Programme Objectives</b>			
	To have a well lit city.			
	<b>Challenges</b>			
	Shortage of manpower.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Street Lighting personnel:		1,000	980
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Extension and maintenance of street lights.			

ELECTRICITY DISTRIBUTION				
DETAIL		TOTAL		
Overview:	Plan, construct and maintain an integrated network system which supplies electricity to the consumers in Potchefstroom and rural areas.		Budget R	Actual R
Activity:	The electricity purchase and distribution functions of the municipality are administered as follows:	Revenue Expenditure	-212,849,346 149,020,783	-212,083,835 147,521,743
	Purchasing of bulk electricity from Eskom. Designing of high and low voltage electrical networks. Perform electrical upgrading and construction. Install new electrical connections. Maintenance of existing electrical infrastructure. Administer and supervise electrical contractors. Installing, testing and maintaining electrical meters and equipment. Record data for electrical measurement on the network.			
	<b>Programme Objectives</b>			
	Manage the planning, construction and maintenance of an integrated electrical system supplying current to the consumers. Implement a demand managing system. Implement alternative energy sources			
	<b>Challenges</b>			
Analysis of the Function:	Insufficient funds to maintain electrical assets. Shortage of staff.			
	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Electricity Distribution personnel:		10,835,823	10,876,832
	- Managers			
	- Senior Management	1		
	- Middle Management	2		
	- Clerical	6		
	- Other	66		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		64,010,200	41,284,260
	<b>Key Performance Indicators</b>			
	Purchasing of bulk electricity. Implement a demand management system. Manage energy and electricity supply complaints. Install pre-paid meters for indigent and other households. Manage and maintain electrical network system.			

SUPPORT FUNCTIONS				
DETAIL		TOTAL		
<b>Overview:</b>	<b>Management and maintenance of Council's vehicle fleet.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of the Mechanical Workshop within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-0 3,479,694</b>	<b>-0 3,430,906</b>
	Vehicles maintenance and control. Replacement of outdated vehicles.			
	<b>Programme Objectives</b>			
	To achieve and maintain an efficient vehicle fleet.			
	<b>Challenges</b>			
	Insufficient funds for fleet management. Replacement policy to be implimented			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Mechanical Workshop personnel:		3,294,878	3,085,277
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical			
	- Other	20		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
Manage and maintain Council vehicles.				

# FUNCTIONAL SERVICE DELIVERY REPORTING

## COMMUNITY SERVICES

### ADMINISTRATION

DETAIL		TOTAL		
Overview:	To provide an effective and efficient administration of the Department Community Services.		Budget R	Actual R
Activity:	The function of Administration Community Services within the municipality is administered as follows:	Revenue Expenditure	-0 4,545,617	-3,900 4,825,729
	Monitor and control the budget. Prepare and submit reports. Implement strategic plans. Manage all Human Resource functions within the Department.			
	<b>Programme Objectives</b>			
	Manage operating and capital budget. To provide Council with information to make informed decisions on the Functions of Community Services. Adhere to all council policies and procedures. Lead, direct and manage staff within the department.			
	<b>Challenges</b>			
	Devolution of Environmental Health Services to the District Municipality. Serious shortage of staff. Lack of capital funds for infrastructure			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration Social Services personnel:		2,860,526	3,266,890
	- Managers	1		
	- Senior Management	2		
	- Middle Management	1		
	- Clerical	5		
	- Other	4		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			10,200	10,187
<b>Key Performance Indicators</b>				
Lead, direct and manage Human Resources. Monitor and control budget. Implement strategic plans and submit reports.				

LIBRARY SERVICES				
DETAIL		TOTAL		
Overview:	To deliver a comprehensive Library and information service to the community of Potchefstroom.		Budget R	Actual R
Activity:	The function of Library Services within the municipality is administered as follows:	Revenue Expenditure	-57,837 6,760,569	-146,960 6,000,609
<p>Rendering a library and information service to the community.</p> <p>Select, purchase supplement and maintain a comprehensive collection of library and reference material</p> <p>Catalogue, classify and prepare new acquisitions for community usage.</p> <p>Supply up to date information on a wide spectrum of subjects through books and technology.</p> <p>Provide and maintain a circulation system to enable users to borrow and return books</p> <p>To provide a photocopy service to all library users</p> <p>To provide internet access service to all library users</p> <p>Provide and maintain Information Technology to the Main and Branch libraries.</p> <p>To present educational and recreational programmes for toddlers, pre-school, school children and students.</p>				
<b>Programme Objectives</b>				
<p>To extent current library services to be accessible to all the communities.</p> <p>To select and acquire library material to address the needs of all cultures.</p> <p>To appoint and train personnel to become knowledgeable and informative workers.</p>				
<b>Challenges</b>				
<p>Shortage of experienced personnel.</p> <p>Lack of funds for a better mobile service delivery to the elderly of Potchefstroom.</p> <p>Insufficient funds to purchase new library and informational material</p>				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
Number and cost to employer of all Library Services personnel:			5,949,998	5,292,468
- Managers				
- Senior Management		1		
- Middle Management		1		
- Clerical		22		
- Other		18		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			2,800,281	583,091
<b>Key Performance Indicators</b>				
<p>Rendering a library and information service to all the communities in Potchefstroom.</p> <p>Maintain, upgrade and extend library facilities</p> <p>Develop and extend the book collection through replacement and supplementing</p> <p>Rendering and maintaining a circulation service system</p> <p>Marketing of Library Services</p>				



CEMETERIES				
DETAIL		TOTAL		
<b>Overview:</b>	To provide graves, maintenance and future planning for burial requirements of Potchefstroom community.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Cemeteries within the municipality is administered as follows	<b>Revenue Expenditure</b>	<b>-675,600 2,495,353</b>	<b>-699,927 2,423,823</b>
	<p>Administers bookings with regard to burials, graves selling/reservation and erection of tombstones.</p> <p>Ensure preparation of graves is done according to the list of available bookings.</p> <p>Assisting the public and undertakers with a service regarding funerals according to by-laws and creating a place remembrance for the relatives.</p> <p>Provides horticultural support concerning the landscape and ground maintenance of the facilities.</p> <p>Preserve burial records and statistics information for all cemeteries in Potchefstroom.</p>			
	<b>Programme Objectives</b>			
	Provide a dignified space of the rest for the dead and uphold good memories of those still alive based on Batho Pele principles.			
	<b>Challenges</b>			
	<p>Upgrading and Maintenance of cemeteries in accordance to the needs of the community.</p> <p>Expansion of the cemetery.</p>			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Cemeteries personnel:		1,863,370	1,839,250
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical	2		
	- Other	20		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	<p>Providing of graves for the community</p> <p>General maintenance of cemeteries</p>			

PARKS AND RECREATION				
DETAIL		TOTAL		
<b>Overview:</b>	<b>Establishment, development and general maintenance of Parks, Gardens, town lands, pavements, street trees and Bird Sanctuary.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of Parks within the municipality is administered as follows</b>	<b>Revenue Expenditure</b>	<b>-193,300 18,205,488</b>	<b>- 497,264 18,535,478</b>
	Planting of trees according to available resources and programme approved by council. Development and Maintenance of parks including playground equipment and fences. Rendering grass-cutting activities in all council grounds. New installation and maintenance of irrigation system. Attending to complain from public that requires horticultural intervention tasks. Raking of leaves during winter months to ensure neat street and pavements Application of herbicides to control weeds. Performs general cleaning of pavements and street gutters around Potchefstroom. Removal of garden refuses along at various parks, gardens and pavements. Packing of plant decoration for various events and function.			
	<b>Programme Objectives</b>			
	Clean, beautify and green the city			
	<b>Challenges</b>			
	Preparations and cleaning during festivals like Aardklop and Spring festival were conducted smoothly. Shortage of personnel and overtime implication is still causing huge challenge. Lack of Capital funds to replace old vehicle fleet. Successful hosting of District Municipality Arbour week event. WED (World Environmental Day) event successfully hosted. Packing of plant decorations for various events and functions Launch of Adopt a Park concept during World Environmental Day.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Parks personnel:		13,669,939	14,353,353
	- Managers	1		
	- Senior Management	2		
	- Middle Management	11		
	- Clerical	125		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		722,499	722,499
	<b>Key Performance Indicators</b>			
	Maintenance of parks and council gardens. Upkeep of open terrains. (Mayoral cleaning project boosted our normal cleaning programmes.) Planting of trees (Urban greening project)			

SPORTS				
DETAIL		TOTAL		
Overview:	Establishing, upgrading and general maintenance of recreational facilities.		Budget R	Actual R
Activity:	The function of Sports within the municipality is administered as follows	Revenue Expenditure	-95,210 5,924,249	- 69,948 6,295,619
	Supplying the public with recreational activities according to their needs. Building, maintenance and upgrading of existing facilities. Handles all sport events bookings from public. Preparation of pitches for matches, meetings and practices. Performs general maintenance of the grounds and infrastructure.			
	<b>Programme Objectives</b>			
	To creates an environment favourable for world class sport through facilities. To extend the accessibility of sport facilities to the rest of community.			
	<b>Challenges</b>			
	Insufficient funds for maintenance of all stadiums and other sport facilities			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Sports personnel:		3,072,561	3,457,277
	- Managers			
	- Senior Management			
	- Middle Management	1		
	- Clerical	3		
	- Other	26		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			1,027,932	0
<b>Key Performance Indicators</b>				
Maintenance of sport facilities.				

CULTURE PROMOTION				
DETAIL		TOTAL		
<b>Overview:</b>	To promote arts and culture and to render educational and information services to a broad spectrum of target groups in the Greater Potchefstroom.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of the Section Culture Promotion within the municipality is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-260 2,497,767</b>	<b>-260 2,560,093</b>
	<p>To empower artists, crafters and the general public through skills development programmes.</p> <p>To organise arts and cultural exhibitions and activities in the museums in order to promote the development of arts and culture.</p> <p>To render educational and recreational services in the form of syllable focused programmes for learners, courses, workshops, exhibitions, guided tours, demonstrations, lectures and holiday programmes.</p> <p>To deliver an information service of a historical nature to the general public, researchers and especially scholars.</p> <p>To participate in cultural exchange programmes on a national level (Aardklop) and international level. (e.g. exchange programme with Kalmar, Museum, Sweden)</p> <p>To establish, maintain and expand a museum collection that is representative of the cultures and achievements of all the inhabitants of Potchefstroom.</p> <p>To promote tourism by marketing the four museums and other culturally significant attractions in Potchefstroom and its environs.</p>			
	<b>Programme Objectives</b>			
	<p>Promote arts and culture by developing the artistic and cultural potential of all our people.</p> <p>Render educational and information services to a broad spectrum of target groups.</p> <p>Promote tourism by actively marketing the museums and other culturally significant attractions.</p>			
	<b>Challenges</b>			
	<p>Serious shortage of experienced staff.</p> <p>Insufficient funds to upgrade museums and exhibitions.</p> <p>International exchange programmes in cooperation with Sweden.</p> <p>Implementation of Arts and crafts skills development programmes to the general public.</p>			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Culture Promotion personnel:		1,995,427	2,084,810
	- Managers			
	- Senior Management			
	- Middle Management	1		
	- Clerical	6		
	- Other	7		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	<p>Expanding, preserving and documenting museum collection.</p> <p>Promote arts and culture. (Exhibitions and skills development)</p> <p>Rendering educational and information services to broad spectrum of target groups</p>			

RESORTS				
DETAIL		TOTAL		
Overview:	To provide guests with affordable accommodation and to cater for day visitors.		Budget R	Actual R
Activity:	The function of Resorts within the municipality is administered as follows:	Revenue Expenditure	- 2,804,520 3,790,541	- 2,113,546 4,280,089
	Promote the resort for caravanning and good value accommodation. Upgrade and maintain the chalets. Separate the facilities for day visitors, chalet visitors and cravenness. Clear the dam of weeds which will provide better fishing and boating facilities.			
	<b>Programme Objectives</b>			
	To develop the resort to satisfy national standards.			
	<b>Challenges</b>			
	Insufficient funds for maintenance.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Resorts personnel:		2,578,016	3,017,722
	- Managers			
	- Senior Management			
	- Middle Management	1		
	- Clerical	1		
	- Other	22		
<b>Capital</b>			<b>Budget</b>	<b>Actual</b>
Projects			0	0
<b>Key Performance Indicators</b>				
To achieve the goals within a limited budget. To maintain the resort to satisfy national standards. Sound management of the resort.				

AIRPORT				
DETAIL		TOTAL		
<b>Overview:</b>	Supplying a base from which a flying club, parachute academy, sailplane and flying instructors can operate.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Airport within the municipality is administered as follows	<b>Revenue Expenditure</b>	<b>- 9,129 59,264</b>	<b>-14,984 53,890</b>
	Taking responsibility for the safety of the Airport in compliance with the regulation stipulated by Civil Aviation			
	Providing a safe landing strip for aviation purposes			
	Provides general maintenance of the facilities and horticultural support where necessary			
	<b>Programme Objectives</b>			
	Providing airport facilities that will attract more tourists and enhance business opportunity in Potchefstroom			
	<b>Challenges</b>			
	Lack of capital funds for infrastructure			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Airport personnel:		515	0
	- Managers			
	- Senior Management			
	- Middle Management			
	- Clerical			
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Upgrading and maintenance of the Airport (furthering of the improvement of the Airport lighting)			

ENVIRONMENTAL MANAGEMENT				
DETAIL		TOTAL		
Overview:	Implementation of sustainable environmental management systems, to ensure sustainable development principles and approaches to prevent an environment that is harmful to the health and well being of residents.		Budget R	Actual R
Activity:	The function of Environmental Management is administered as follows:	Revenue Expenditure	-0 1,929,444	-0 1,585,982
	Prepared and implemented an appropriate Environmental Management System The revision of environmental investigations and reports and doing site visits for developments Compilation of draft environmental regulations and policies for proclamation. Provide environmentally sustainable project (Eco Circle Project and CCP project) Enforce Environmental Impact Assessment Regulations Implementation of Local Agenda 21			
	<b>Programme Objectives</b>			
	Prevent pollution Enhance sustainable development principles and approaches Reduction of global warming The saving of money and natural resources by implementing green building principles Joint ventures with international organisations to save the earth The improvement of the health, income and living conditions of the poor majority			
	<b>Challenges</b>			
	Implement Local Agenda 21 principles/projects and Run Environmental Awareness/Education. Adoption of Environmental policies. Provide poor households with eco-circles. State of the Environment Report.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Environmental Management personnel:		943,897	740,053
	- Managers			
	- Senior Management			
	- Middle Management	2		
	- Clerical	1		
	- Other	2		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Implement Local Agenda 21 projects Environmental policies Provide poor households with Eco-Circles State of Environmental Report Run Environmental Awareness/Education.			



<b>WASTE MANAGEMENT: REFUSE REMOVAL</b>				
<b>DETAIL</b>		<b>TOTAL</b>		
<b>Overview:</b>	Rendering of a sustainable domestic refuse removal system in the residential areas of Potchefstroom and includes refuse removal, solid waste disposal, landfill and recycling.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The refuse collection functions of the municipality are administered as follows:	<b>Revenue Expenditure</b>	<b>-14,139,576 15,097,600</b>	<b>-15,396,446 12,723,121</b>
	Refuse Removal render services to all types of consumers Waste is managed at the landfill site and the mini dumping site			
	<b>Programme Objectives</b>			
	To establish and maintain a sustainable Refuse Removal service To implement an equitable and sustainable Waste Management service To reduce waste to landfill site through separation and recycling			
	<b>Challenges</b>			
	Community involvement through continuous education on waste management Removal of domestic refuse at households and other institutions Insufficient funding to replace vehicles			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Refuse Services personnel:		6,201,926	6,051,446
	- Managers			
	- Senior Management	2		
	- Middle Management	1		
	- Clerical			
	- Other	62		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		2,432,950	2,134,166
	<b>Key Performance Area</b>			
	Removal of domestic refuse at households with dustbins twice a week Removal of domestic refuses once a week that is collected by volunteers at identified central points where no established refuse removal services exist. Daily Service delivery and removal of refuse at the existing mini dumping site for garden refuse Removal of refuse at industrial and business twice a week. Daily removal of refuses at public institutions and food premises. Feasibility Study and Implementation of a equal Waste Management System in Potchefstroom			

WASTE MANAGEMENT: STREET CLEANSING				
DETAIL		TOTAL		
Overview:	To establish clean street refuse containers and clean swept streets in the Central Business Area to ensure a clean and Healthy environment to the community of Potchefstroom.		Budget R	Actual R
Activity:	The Cleaning Services functions of the municipality are administered as follows;	Revenue Expenditure	-0 4,091,305	-0 3,826,794
<p>Daily (Monday to Saturday) removal of refuse from street litterbins in the C B A</p> <p>Sweeping of streets within the C B A of Potchefstroom daily from Monday to Sunday.</p> <p>These services extend to include the Business Area, but do not take account of the rest of the municipal area or the plots and farms which resides within the jurisdiction of the Health and Environment Department of the City Council and Provincial Government.</p>				
<b>Programme Objectives</b>				
<p>Sweeping of streets within the C B A of Potchefstroom daily from Monday to Sunday.</p> <p>Daily (Monday to Saturday) removal of refuse from the 1,950 street litter-bins in the Central business Area of Potchefstroom.</p>				
<b>Challenges</b>				
<p>Daily (Monday to Sunday) sweeping of streets within the Central Business Area of Potchefstroom</p> <p>Daily (Monday to Saturday) removal of refuse from street litterbins in the Central business Area of Potchefstroom.</p>				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	<p>Number and cost to employer of all Cleaning Services personnel:</p> <ul style="list-style-type: none"> <li>- Managers</li> <li>- Senior Management</li> <li>- Middle Management</li> <li>- Clerical</li> <li>- Other</li> </ul>	37	3,159,305	3,161,469
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
<b>Key Performance Indicators</b>				
<p>Daily removal of refuse from street litterbins</p> <p>Sweeping of streets within the Central Business Area</p>				

ENVIRONMENTAL HEALTH				
DETAIL		TOTAL		
Overview:	This service is rendered by Department of Health		Budget R	Actual R
Activity:	The function of Environmental Health within the municipality is administered as follows	Revenue Expenditure	-0 3,701,045	-3,222,328 3,248,875
	Programme Objectives			
	Challenges			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Environmental Health personnel:		2,976,814	2,631,183
	- Managers			
	- Senior Management	1		
	- Middle Management			
	- Clerical	7		
	- Other	9		
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			

PRIMARY HEALTH CARE SERVICES				
DETAIL		TOTAL		
Overview:	This service is rendered by Department of Health		Budget R	Actual R
Activity:		Revenue Expenditure	-2,862,831 3,069,876	-0 2,351,643
	Programme Objectives			
	Challenges			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Primary Health Services (Clinics) personnel:		2,956,954	2,179,835
	- Managers			
	- Senior Management			
	- Middle Management	2		
	- Clerical	7		
	- Other	12		
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## HOUSING

### ADMINISTRATION

DETAIL		TOTAL		
<b>Overview:</b>	<b>This function has to address the housing needs of the community through provision of houses, stands and rental housing.</b>		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	<b>The function of the Administration of Housing is administered as follows:</b>	<b>Revenue Expenditure</b>	<b>-0 2,725,466</b>	<b>-0 3,444,136</b>
	Identifying housing projects. Application for approval of projects. Implementation of projects. Allocation of sold stands. Interviews with beneficiaries. Developing title deeds. Submission of title deeds. Implementation of by-laws			
	<b>Programme Objectives</b>			
	Give priority to the provision of housing. Provide support to the community. Consult meaningfully. Check compliance			
	<b>Challenges</b>			
	To expedite housing projects. To expedite the transfer of property in terms of upgrading of Property Right Act To prevent illegal occupation of land and houses			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Administration of Housing personnel:			
	- Managers	1		
	- Senior Management			
	- Middle Management	1		
	- Clerical	7		
	- Other	3		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		10,200	10,187
	<b>Key Performance Indicators</b>			
	Provision of housing through developer driven individual subsidies.			

PROPERTY TRANSFERS				
DETAIL		TOTAL		
Overview:	To ensure security of tenure as a community empowerment		Budget R	Actual R
Activity:	The function of Property Transfers within the municipality is administered as follows:	Revenue Expenditure	-480,000 2,735,547	-557,964 2,815,006
	To ensure that beneficiaries claim their properties The rightful people are occupying the properties That properties are not sold illegally			
	<b>Programme Objectives</b>			
	To formalise the previous Municipal properties in the name of the occupants			
	<b>Challenges</b>			
	Beneficiaries are not claiming their properties Deceased estates are not finalised Rightfull owners are not occupying the houses			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Land Use Control personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2	973,079	1,286,704
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Issuing of title deeds to owners of properties			

MAINTAIN COUNCIL PROPERTY				
DETAIL		TOTAL		
<b>Overview:</b>	To maintain council's houses, hostels and old age homes.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Maintenance of Council Property within the municipality is administered as follows:	<b>Revenue Expenditure</b>	<b>-576,972 678,488</b>	<b>-891,609 891,606</b>
	Collection of rent. Maintenance and cleaning of Council property. To adhere to responsibilities as a landlord and to educate tenants.			
	<b>Programme Objectives</b>			
	Maintain council's housing property			
	<b>Challenges</b>			
	Maintenance of the units.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Maintenance of Council Property personnel:		0	0
	- Managers	N/A		
	- Senior Management	N/A		
	- Middle Management	N/A		
	- Clerical	N/A		
	- Other	N/A		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	Maintaining council's houses, hostels and old age homes			



LAND USE MANAGEMENT				
DETAIL		TOTAL		
<b>Overview:</b>	To ensure that the Potchefstroom municipality is effectively, efficiently and spatially integrated and developed.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Land Use Management within the municipality is administered as follows:	<b>Revenue Expenditure</b>	<b>-828,400 3,790,324</b>	<b>-650,793 3,158,067</b>
	<p>Manage land use and building activities:</p> <p>Processing of land use applications and building plans.</p> <p>Implementing town planning scheme and national building regulations.</p> <p>Provision of Council stands for development: Township establishment.</p> <p>Develop and implement a comprehensive city planning strategy.</p> <p>Develop and implement a comprehensive land use management system.</p> <p>Formulation and implementation of land use policies for development.</p> <p>Market and give advise to developers on potential development.</p>			
	<b>Programme Objectives</b>			
	<p>Management of vacant and developed land.</p> <p>Develop a comprehensive land use policy and development framework.</p> <p>Effective controlling and management of all building activities.</p>			
	<b>Challenges</b>			
	<p>The most important issue is to provide enough stands for housing and other urban facilities concentrating on low cost housing to ensure a proper living environment and maximum freedom of choice.</p> <p>Shortage of staff to manage workload.</p>			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Land Use Control personnel:		3,667,692	2,918,839
	- Managers			
	- Senior Management	1		
	- Middle Management	4		
	- Clerical	8		
	- Other	2		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	<p>Management of land use in the Greater Potchefstroom Area.</p> <p>Controlling of building activities in the Greater Potchefstroom Area.</p>			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## ECONOMIC DEVELOPMENT (Planning and Development)

DETAIL		TOTAL		
<b>Overview:</b>	Local Economic Development has planned, developed, promoted and regulated the building of a well co-ordinated, diversified and sustainable economy for Potchefstroom.		<b>Budget R</b>	<b>Actual R</b>
<b>Activity:</b>	The function of Economic Planning / Development within the municipality is administered as follows:	<b>Revenue Expenditure</b>	<b>-254,000 2,830,472</b>	<b>-209,288 3,018,756</b>
	Small, Medium and Micro Enterprises Development (SMME) CBD and Industrial Development Economic Community Based Project Development Tourism Development			
	<b>Programme Objectives</b>			
	Promote Potchefstroom as a tourism destination and a place to host events. Develop and implement a comprehensive and integrated inward investment and trade promotion strategy. Retain and increase existing business investments. Empower small business entrepreneurs.			
	<b>Challenges</b>			
	Limitation of budget: Community Projects.			
<b>Analysis of the Function:</b>	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Economic Development personnel:		2,089,818	2,311,952
	- Managers	1		
	- Senior Management			
	- Middle Management	3		
	- Clerical	2		
	- Other	1		
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		976,239	891,315
	<b>Key Performance Indicators</b>			
	Publish and market LED brochure annually. Business plans, Registrations, Capacity building Support community based projects Tourism capacity building.			

# FUNCTIONAL SERVICE DELIVERY REPORTING

## OFFICE OF THE WHIP

### ADMINISTRATION

DETAIL		TOTAL		
Overview:	To administer the political office of the Whip		Budget R	Actual R
Activity:	The function of the Administration of Office of the Whip within the municipality is administered as follows:	Revenue Expenditure	0 1,029,544	0 1,076,544
	Arrange meetings for Councillors Host guests of other political parties Smooth running of the Administration office Community consultation via this office			
	<b>Programme Objectives</b>			
	Assist the political party in it's mandate to the community			
	<b>Challenges</b>			
	Capital funding for the renovation of offices			
Analysis of the Function:	<b>Personnel Cost</b>	<b>Number</b>	<b>Budget</b>	<b>Actual</b>
	Number and cost to employer of all Office of the Whip personnel:		969,030	993,046
	- Managers			
	- Senior Management	1		
	- Middle Management	1		
	- Clerical	1		
	- Other			
	<b>Capital</b>		<b>Budget</b>	<b>Actual</b>
	Projects		0	0
	<b>Key Performance Indicators</b>			
	To manage and oversee all the Councillors To implement the mandate of the ruling party			

**TLOKWE CITY COUNCIL**

# **CHAPTER 5**



## **AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION**

# **REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE TLOKWE CITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2009**

## **REPORT ON THE FINANCIAL STATEMENTS**

### **Introduction**

1. I was engaged to audit the accompanying financial statements of the Tlokwe City Council which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 110 to 174.

### **The accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance the Statements of Generally Recognised Accounting Practice (Statements of GRAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **The Auditor-General's responsibility**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Tlokwe City Council in this respect will be limited to reporting on non-compliance with this disclosure requirement.

### **Basis for disclaimer of opinion**

#### **Corresponding figures**

5. In the previous financial year, I was unable to obtain sufficient appropriate audit evidence to determine the existence, rights and obligations, completeness and valuation and allocation of assets of R388 849 260, liabilities of R13 456 373 and accumulated funds and reserves of R334 336 958 as disclosed in the financial statements. My opinion on the financial statements for the period ended 30 June 2008 was modified accordingly. My opinion on the current period financial statements is also modified because of the possible effect of these matters on the comparability of the current period figures and the corresponding figures.

#### **Property, plant and equipment**

6. The existence, rights and obligations, completeness and valuation and allocation of property, plant and equipment of R353 939 107 presented in the statement of financial position was not confirmed. The asset register did not comply with paragraphs 38, 39, 53, 61, 71 and 73 of the Standard of Generally Recognised Accounting Practice, GRAP 17 *Property, plant and equipment* in terms of the unbundling of assets. I was unable to practicably quantify the misstatements and

could not perform alternative procedures due to a lack of sufficient appropriate supporting documentation which will only be available on completion of the unbundling exercise.

### Provisions

7. The basis of calculation used to determine the provision for rehabilitation of refuse landfill-site of R2 509 404 as disclosed in note 17 to the financial statements was not be provided by management. The valuation, completeness and allocation of the provision were not confirmed. No alternative procedures could be performed due to scope limitation to quantify the possible effects on the financial statements.

### Accumulated surplus

8. I did not obtain all the information and sufficient appropriate audit evidence I consider necessary to determine the valuation and allocation of the accumulated surplus of R386 084 416 as disclosed in the statement of changes in net assets, due to the following.
9. The following transactions as disclosed in the statement of changes in net assets are all related to reserve accounting which is not in line with the Standards of Generally Recognised Accounting Practice, GRAP 1: *Presentation of financial statements*.

Transfer to Capital Replacement Reserve	52 250 968
Property, Plant and Equipment purchased	54 820
Donated / Contributed PPE	524 497
Grants utilised to obtain PPE	25 061 681
Contribution to Insurance Reserve	1 479 100
Insurance claims processed	(899 015)
Offsetting of Depreciation	(31 937 815)

10. The net amount of R11 847 244 disclosed as "Net gains/(losses) not recognised in the Statement of Financial Performance" in the statement of changes in net asset differs with R25 641 825 from the net amount of R37 489 068 as per the corresponding general ledger account. Management did not provide sufficient appropriate audit evidence for transactions of R5 854 186 included in this net amount of R37 489 068.
11. The abovementioned net amount of R37 489 068 as per the general ledger account include debits of R6 075 266 and credits of R7 051 007 which should have been accounted in the Statement of Financial Performance as per the Standards of Generally Recognised Accounting Practice, GRAP 1: *Presentation of financial statements*, resulting in "Net gains/(losses) not recognised in the Statement of Financial Performance" being overstated and the surplus for the year in the Statement of Financial Performance being understated by R975 741.

### Receivables

12. Management did not appropriately consider the impairment of consumer debtors based on objective evidence as per paragraph 58 and 59 of IAS 39 (AC 133): *Financial instruments: Recognition and measurement*, due to their calculation effectively only impairing debtors older than 180 days by an average percentage whilst the normal expectation is for user accounts to be paid within 30 days. As the municipality's records did not permit the application of alternative audit procedures, I was unable to reliably determine the valuation and allocation and completeness of the provision for impairment of R72 637 190 disclosed in note 3 to the financial statements.
13. The South African Statement of Generally Accepted Accounting Practise, IAS39 *Financial instruments: Recognition and measurement* requires that the subsequent measurement of financial assets (loans and receivables) of an entity be measured at amortised cost using the effective interest method. As disclosed in note 3 to the financial statements, included in consumer debtors of R175 374 496, is an account "Arrangements" of R10 871 972 for debtors who were granted extended payment terms. These debtors' accounts were not measured using the effective interest method. Had these debtors been measured using an interest rate



of prime interest rate plus 4.5% (the rate the municipality use for arrears debt) the consumer debtors and the net surplus for the year would have decreased by R5 980 788.

#### **Government grants and subsidies**

14. The amounts disclosed as current year receipts (R26 233 314) and conditions met (expenditure of R24 712 715) for conditional grants in notes 24.1 to 24.22 is incorrect. By way of alternative procedures I determined these actual amounts to be current year receipts of R44 108 835 and conditions met (expenditure) of R46 062 122.
15. GAMAP 9: *Revenue* determines that a conditional grant is only recognised as revenue when there is compliance with the conditions attached to it. The municipality however did not recognise any revenue for these conditional grants, resulting in government grants and subsidies received in the Statement of Financial Performance being understated by the actual conditional grant expenditure of R46 062 122 as reported above.

#### **Unauthorised, irregular and fruitless and wasteful expenditure**

16. In the previous financial year, unauthorised expenditure of R6 671 662 was not disclosed in the financial statements. My opinion on the financial statements for the period ended 30 June 2008 was modified accordingly. My opinion on the current period financial statements is also modified because of the possible effect of these matters on the comparability of the current period figures and the corresponding figures.
17. Contrary to section 125(2)(d) of the MFMA, the municipality did not disclose particulars of the following unauthorised and irregular expenditure in the notes to the financial statements.
18. Unauthorised expenditure of R8 473 418 regarding the overspending of the budgeted amounts in the following departments:
  - Budget and Treasury Office overspent with R476 103.
  - Office of the Executive Mayor overspent with R7 809 034.
  - Local Economic Development overspent with R188 281.
19. Contrary to MFMA Circular No. 29 dated 31 January 2006, bids were awarded to contractors by using predetermined cost estimates as a threshold in the final evaluation process. The total of R24 428 794 regarding these contracts is regarded as irregular expenditure.
20. Regulation 12 of the supply chain management regulations requires that written quotations be obtained for all procurement of goods and services between R10 000 and R200 000 and for all procurement above R200 000 a competitive bidding process should be followed. These practices were not followed in expenditure incurred amounting to R6 841 156 which is regarded as irregular expenditure.

#### **Cash flow statement**

21. The information and reconciliation to support the following disclosures in the cash flow statement was not provided by management:
  - Accumulated surplus of R33 967 565, included in cash flows from financing activities.
  - Non cash flow items of R11 185 562 included in the calculation of cash generated from operations of R33 156 582.
  - Non cash flow items of R25 952 309 recognised in the statement of financial performance not included in the calculation of cash generated from operations of R33 156 582.

The municipality's records did not permit the application of alternative procedures. Consequently I was unable to satisfy myself as to the accuracy, completeness and presentation and disclosure of the cash flow statement.



### Disclaimer of opinion

22. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

### Other matters

I draw attention to the following matters that relates to my responsibilities in the audit of the financial statements:

### Unaudited supplementary schedules

23. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 Presentation of Financial Statements. The supplementary budget information set out on pages 175 to 185 does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

### Non-compliance with applicable legislation

24. Municipal Finance Management Act, 2003 (Act 56 of 2003)
- Contrary to section 32, the accounting officer did not manage unauthorised expenditure as prescribed.
  - Contrary to section 54(1)(f), the Mayor did not timeously submit a mid year budget and performance assessment report to council.
  - Contrary to section 64(3), 78 organs of state debtors were identified with outstanding debt of 30 days and older to the amount of R3 228 246 as at 30 June 2009.
  - Contrary to section 65(2)(e), creditors were not paid within 30 days.
25. Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000)
- Contrary to section 104, the municipality did not have a fraud prevention plan.
  - Contrary to paragraph 12A of schedule 1, two councillors had consumer accounts outstanding for longer than 90 days as disclosed in note 30.6 to the financial statements.

### Governance framework

26. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below.

### Internal control deficiencies

27. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
5	Corresponding figures	5				
6	Property, plant and equipment	5		4	1	
7	Provisions	5				
8-11	Accumulated surplus	5	2		1	
12-13	Receivables	5	5	4		
14-15	Government grants and subsidies	5	2			
16-20	Unauthorised, irregular and fruitless and wasteful	5		6		

	expenditure					
21	Cash flow statement	5	2			

28. The abovementioned audit findings are mainly due to a lack of action plans to address recurring audit findings, the inability of the accounting division to ensure compliance with the accounting standards and a lack of effective document management to support the disclosures in the financial statements.

<b>Legend</b>	
<b>CE = Control environment</b>	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
<b>RA = Risk assessment</b>	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
<b>CA = Control activities</b>	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
<b>IC = Information and communication</b>	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
<b>M = Monitoring</b>	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the	1

effectiveness of internal control over financial reporting.	
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

### Key governance responsibilities

29. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		N
<b>Quality of financial statements and related management information</b>			
2	The financial statements were not subject to any material amendments resulting from the audit.		N
3	The annual report was submitted for consideration prior to the tabling of the auditor's report.	Y	
<b>Timeliness of financial statements and management information</b>			
4	The annual financial statements were submitted for auditing as per the legislated deadlines section 126 of the MFMA.		N
<b>Availability of key officials during audit</b>			
5	Key officials were available throughout the audit process.	Y	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6	<b>Audit committee</b>		
	The municipality had an audit committee in operation throughout the financial year.	Y	
	The audit committee operates in accordance with approved, written terms of reference.	Y	
	The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		N
7	<b>Internal audit</b>		
	The municipality had an internal audit function in operation throughout the financial year.	Y	
	The internal audit function operates in terms of an approved internal audit plan.		N
	The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		N
8	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		N
9	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		N
10	The information systems were appropriate to facilitate the preparation of the financial statements.		N
11	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		N
12	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	Y	
<b>Follow-up of audit findings</b>			
13	The prior year audit findings have been substantially addressed.		N
14	SCOPA/Oversight resolutions have been substantially implemented.		N/A
<b>Issues relating to the reporting of performance information</b>			
15	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		N
16	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		N

17	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Tlokwe City Council against its mandate, predetermined objectives, outputs, indicators and targets section 68 of the MFMA.	Y	
18	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		N

30. The main root causes for not achieving these key governance responsibilities are mainly due to a lack of effective leadership and supervision by the administrative leadership and audit committee to monitor the financial management and internal audit functions.

### Investigations

31. An investigation by an independent consulting firm was conducted on request of the council on certain allegations regarding the previous Municipal Manager. The investigation was still ongoing at the reporting date.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

32. I was engaged to review the performance information.

### The accounting officer's responsibility for the performance information

33. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

### The Auditor-General's responsibility

34. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
35. In terms of the foregoing my engagement included performing procedures to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
36. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

### Findings on performance information

#### Performance information not received in time

37. An assessment could not be performed of the reliability of the reported performance information, as set out on pages 14 to 27 of the annual report, since the information was not received in time for audit purposes.

#### Existence and functioning of a performance audit committee

38. The municipality did not appoint or budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

#### Internal auditing of performance measurements

39. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required by section 45 of the MSA.

### **Lack of adoption or implementation of a performance management system**

40. The municipality did not adopt a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

### **APPRECIATION**

41. The assistance rendered by the staff of the Tlokwe City Council during the audit is sincerely appreciated.

*Auditor-General*

Rustenburg

25/01/2010



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

<p style="text-align: center;"><b>TLOKWE CITY COUNCIL</b>  <b>ANNUAL FINANCIAL STATEMENTS 30 JUNE 2009</b></p>
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## INDEX

	<u>Page</u>
1 Approval of Financial Statements	103
2 Chief Financial Officers Report	105
3 Statement of Financial Position	112
4 Statement of Financial Performance	113
5 Statement of Changes in Net Assets	114
6 Cashflow Statement	115
7 Accounting Policies	116
8 Notes to the Annual Financial Statements	148
9 Appendix A	175
10 Appendixes B	176
11 Appendix C	178
12 Appendix D	179
13 Appendixes E	182
14 Appendix F	184
15 Appendix G	185

# **TLOKWE CITY COUNCIL**

(NW 402)



## **ANNUAL FINANCIAL STATEMENTS**

**for the year ended  
30 June 2009**

I am responsible for the presentation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 39 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

**B G MOUMAKWE**  
**ACCOUNTING OFFICER**

11-09-2009  
**DATE**



**TLOKWE CITY COUNCIL**  
**Parameters to be completed for Current Year**

<b>Name of Authority</b>	TLOKWE CITY COUNCIL
<b>Financial Year-end</b>	30 JUNE 2009
<b>End of Next Year</b>	30 June 2010
<b>End of Current Year</b>	30 June 2009
<b>End of Previous Year</b>	30 June 2008
<b>End of Base Year</b>	30 June 2007
<b>Current Year</b>	2009
<b>Previous Year</b>	2008
<b>Base Year</b>	2007
<b>Next Financial Year</b>	2009/2010
<b>Current Financial Year</b>	2008/2009
<b>Previous Financial Year</b>	2007/2008
<b>Comparative Financial Year</b>	2008/09 / 2007/08
<b>Start of Current Year</b>	01 July 2008
<b>Start of Previous Year</b>	01 July 2007

**TLOKWE CITY COUNCIL**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2009

**REPORT OF THE CHIEF FINANCIAL OFFICER**

**1. INTRODUCTION**

It gives me great pleasure to present the Annual Financial Statements of Tlokwe City Council for the financial year ended 30 June 2009.

The Economic Recession also placed a challenge on the Council due to the Public finding it more difficult to pay for services rendered. The outstanding debtors book increased by 17% as a result of this. Therefore despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. However, the ongoing reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

**2. KEY FINANCIAL INDICATORS**

The following indicators give some insight into the financial results of the year under review. No figures are provided for the previous year because of the change in format of the Annual Financial Statements presented.

**Financial Statement Ratios:**

INDICATOR	2009	2008
Surplus / (Deficit) before Appropriations	32,704,660	58,950,848
Surplus / (Deficit) at the end of the Year	386,084,415	319,412,190
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	33.23%	34.75%
Remuneration of Councillors	2.12%	2.48%
Depreciation and Amortisation	5.13%	5.45%
Impairment Losses	4.60%	0.53%
Repairs and Maintenance	7.44%	7.55%
Interest Paid	1.33%	0.84%
Bulk Purchases	27.85%	22.76%
Contracted Services	5.49%	0.45%
Grants and Subsidies Paid	2.51%	3.87%
General Expenses	11.12%	18.27%
Current Ratio:		
Creditors Days	56	34
Debtors Days	98	99

### 3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2009 are as follows:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
<b>Income:</b>					
Opening surplus / (deficit)	127,441,627	195,707,457	(34.88)%	-	-
Operating income for the year	494,138,587	439,890,830	12.33%	462,649,622	6.81%
Appropriations for the year	(89,969,900)	(6,639,312)	1255.11%	-	-
	531,610,314	628,958,975	(15.48)%	462,649,622	14.91%
<b>Expenditure:</b>					
Operating expenditure for the year	461,433,926	380,939,982	21.13%	462,640,939	(0.26)%
Sundry transfers				-	-
Closing surplus / (deficit)	70,176,387	127,441,627	(44.93)%	8,683	-
	531,610,314			462,649,622	14.91%

#### 3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	181,782,881	154,510,693	17.65%	156,445,615	16.20%
Expenditure	(264,189,383)	(225,568,291)	17.12%	(249,593,327)	5.85%
Surplus / (Deficit)	(82,406,501)	(71,057,598)	15.97%	(93,147,712)	-
Surplus / (Deficit) as % of total income	(45.33)%	(45.99)%		(59.54)%	

#### 3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	-	(400)	(100.00)%	-	
Expenditure	(3,444,136)	(2,587,648)	33.10%	(2,728,466)	26.23%
Surplus / (Deficit)	3,444,136	2,587,248	33.12%	2,728,466	-
Surplus / (Deficit) as % of total income		(646811.94)%			

### 3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	45,911,149	40,238,891	14.10%	43,104,634	6.51%
Expenditure	(40,797,564)	(40,048,240)	1.87%	(42,058,490)	(3.00)%
Surplus / (Deficit)	5,113,585	190,651	2582.18%	1,046,144	-
Surplus / (Deficit) as % of total income	11.14%	0.47%		2.43%	

### 3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R121 811 082 (2007/2008: R81 588 441). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	212,083,833	161,913,872	30.99%	212,849,346	(0.36)%
Expenditure	(150,572,173)	(110,262,253)	36.56%	(152,897,412)	(1.52)%
Surplus / (Deficit)	61,511,660	51,651,619	19.09%	59,951,934	-
Surplus / (Deficit) as % of total income	29.00%	31.90%		28.17%	

### 3.5 Water Services:

Water is bought in bulk from the Department of Water Affairs and Forestry and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R6 691 356 (2007/2008: R3 520 529). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	51,537,106	47,250,472	9.07%	50,250,027	2.56%
Expenditure	(20,706,613)	(16,852,856)	22.87%	(20,688,141)	0.09%
Surplus / (Deficit)	30,830,493	30,397,616	1.42%	29,561,886	-
Surplus / (Deficit) as % of total income	59.82%	64.33%		58.83%	
	14,211,287	45,181,312		(132,035)	

## 4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R83 713 298 (2007/2008: R72 270 233). Full details of Property, Plant and Equipment are disclosed in Note 6 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R83 713 298 was financed from Accumulated Surplus.

## 5. RECONCILIATION OF BUDGET TO ACTUAL

### 5.1 Operating Budget:

DETAILS	2009	2008
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	8,683	(15,173)
Revenue variances	31,488,965	38,894,035
Expenditure variances:		
Employee Related Costs	5,579,312	2,576,531
Remuneration of Councillors	216,381	(779,908)
Collection Costs	-	-
Depreciation and Amortisation	(1,858,068)	690,525
Impairment Losses	(15,212,321)	-
Repairs and Maintenance	3,715,146	903,987
Interest Paid	8,565,247	(27)
Bulk Purchases	1,064,906	17,883,066
Contracted Services	(18,276)	(309,312)
Grants and Subsidies Paid	(345,372)	(157,553)
General Expenses	245,668	(735,323)
Loss on disposal of Property, Plant and Equipment	(745,611)	-
Actual surplus before appropriations	32,704,660	58,950,848

DETAILS	2009	2008
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	8,683	(15,173)
Executive and Council	(1,222,733)	571,510
Finance and Administration	19,483,372	17,216,572
Planning and Development	(224,484)	624,993
Health	1,310,149	936,595
Community and Social Services	569,927	632,295
Housing	(715,670)	385,884
Public Safety	7,239,859	1,890,307
Sport and Recreation	(186,204)	(554,993)
Environmental Protection	(2,632,125)	236,956
Waste Management	4,067,441	2,327,122
Roads and Transport	3,637,271	39,700
Water	1,268,607	14,534,712
Electricity	1,559,726	112,790
Inter-departmental Charges	(4,034,030)	-
Actual surplus before appropriations	30,129,788	38,939,270
	(2,574,872)	(20,011,577)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

## 5.2 Capital Budget:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Variance actual 2008/09 / 2007/08 R	Budgeted 2008/2009 R	Variance actual/ budgeted R
Executive and Council	242,524	3,543,277	(3,300,753)	6,242,525	(6,000,001)
Finance and Administration	3,663,129	2,118,230	1,544,899	3,690,979	(27,850)
Planning and Development	1,103,555	70,938	1,032,617	1,189,239	(85,684)
Health	-	-	-	-	-
Community and Social Services	593,279	877,856	(284,577)	2,810,481	(2,217,202)
Housing	10,187	-	10,187	10,200	(13)
Public Safety	10,187	1,788,670	(1,778,483)	10,200	(13)
Sport and Recreation	722,498	98,019	624,479	1,750,431	(1,027,933)
Environmental Protection	-	-	-	-	-
Waste Management	18,464,813	32,590,539	(14,125,726)	48,173,677	(29,708,864)
Roads and Transport	12,052,985	6,377,143	5,675,842	17,189,969	(5,136,984)
Water	5,565,879	-	5,565,879	5,400,264	165,615
Electricity	41,284,260	24,805,561	16,478,699	64,010,200	(22,725,940)
	83,713,298	72,270,233	11,443,065	150,478,165	(66,764,867)
				(886,849)	

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

## 6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2009 amounted to R394 543 925 (30 June 2008: R405 851 469) and is made up as follows:

Capital Replacement Reserve	88,757
Capitalisation Reserve	203,407,428
Donations and Public Contributions Reserve	2,846,170
Government Grants Reserve	104,911,949
Self Insurance Reserve	4,467,611
Accumulated Surplus	70,362,500
	<u>386,084,415</u>

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 19 and the Statement of Change in Net Assets for more detail.

## 7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2009 was R21 822 726 (30 June 2008: R23 078 395).

Refer to Note 15 and Appendix "A" for more detail.

## 8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2009 was R71 867 489 (30 June 2008: RNil).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded. No liability was raised in 2007/2008 as the actuarial valuations was not done before and was only performed this financial year.

Refer to Note 16 for more detail.

## 9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R10 336 546 as at 30 June 2009 (30 June 2008: R2 886 453) and is made up as follows:

Provision for Long-term Service	7,827,142
Provision for Rehabilitation of Land-fill Sites	2,509,404
	<u>10,336,546</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 17 for more detail.

## 10. CURRENT LIABILITIES

Current Liabilities amounted R110 725 796 as at 30 June 2009 (30 June 2008: R85 416 149) and is made up as follows:

Consumer Deposits	Note 11	9,232,843
Provisions	Note 12	4,665,580
Creditors	Note 13	70,887,293
Unspent Conditional Grants and Receipts	Note 14	24,690,248
Current Portion of Long-term Liabilities	Note 15	1,249,832
		<u>110,725,796</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

## 11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R353 939 107 as at 30 June 2009 (30 June 2008: R295 283 005).

Refer to Note 6 and Appendices "B, C and E (2)" for more detail.

## 12. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 388 013 as at 30 June 2009 (30 June 2008: RNil).

These assets consists of a valuation roll. This assets was purchased in 2007/2008 and was classified as Property, Plant and Equipment. This year it is restated as Intangible Assets.

Refer to Note 7 for more detail.

## 13. INVESTMENT PROPERTIES

The municipality held Investment Properties to the value of R8 963 000 as at 30 June 2009 (30 June 2008: RNil).

During the 2008/2009 financial year land and properties were identified for future re-sale. This exercise was not performed in the previous financial years.

Refer to Note 8 for more detail.

## 14. NON CURRENT INVESTMENTS

The municipality held Investments to the value of R37 956 287 as at 30 June 2009 (30 June 2008: R36 444 155).

The Investments are of a long term nature and mainly consists of Fixed Deposits and earn interest variable from 9.42% - 15.27%.

Refer to Note 9 for more detail.



## 15. LONG-TERM RECEIVABLES

Long-term Receivables of R5 575 204 at 30 June 2009 (30 June 2008: R6 167 554) is made up as follows:

Officials: Car Loans	2,860
Sale of Erven	98,619
Capitalised Arrear Services	<u>5,476,585</u>
	5,578,064
Less: Short-term portion included in Current Assets	<u>2,860</u>
	<u>5,575,204</u>

Refer to Note 10 for more detail.

## 16. CURRENT ASSETS

Current Assets amounted R227 569 482 as at 30 June 2009 (30 June 2008: R186 319 367) and is made up as follows:

Inventory	Note 2	22,639,841
Consumer Debtors	Note 3	102,737,306
Other Debtors	Note 4	2,484,231
Bank Balances and Cash	Note 5	77,049,087
Current Portion of Long-term Debtors	Note 10	<u>2,860</u>
		<u>204,913,324</u>

Refer to the indicated Notes for more detail.

## 17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Appendix "F" for more detail.

## 18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 40.

## 19. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



CHIEF FINANCIAL OFFICER

8 September 2009

**TLOKWE CITY COUNCIL**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009 R	2008 R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>204,913,324</b>	<b>186,319,371</b>
Inventory	2	22,639,841	14,040,509
Consumer Debtors	3	102,737,306	87,285,090
Other Debtors	4	2,484,231	3,356,627
Bank, Cash and Cash Equivalents	5	77,049,087	81,250,650
Current Portion of Long-term Receivables	10	2,860	386,495
<b>Non-Current Assets</b>		<b>407,821,612</b>	<b>337,894,710</b>
Property, Plant and Equipment	6	353,939,107	295,283,001
Intangible Assets	7	1,388,013	-
Investment Property	8	8,963,000	-
Non-current Investments	9	37,956,287	36,444,155
Long-term Receivables	10	5,575,204	6,167,554
<b>Total Assets</b>		<b>612,734,936</b>	<b>524,214,082</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>110,725,796</b>	<b>89,727,029</b>
Consumer Deposits	11	9,232,843	8,703,246
Provisions	12	4,665,580	4,310,880
Creditors	13	70,887,293	35,355,764
Unspent Conditional Grants and Receipts	14	24,690,248	23,434,039
Current Portion of Long-term Liabilities	15	1,249,832	17,923,100
<b>Non-Current Liabilities</b>		<b>104,026,760</b>	<b>105,914,418</b>
Long-term Liabilities	15	21,822,726	23,078,395
Retirement Benefit Liabilities	16	71,867,489	72,822,724
Non-current Provisions	17	10,336,546	10,013,299
<b>Total Liabilities</b>		<b>214,752,556</b>	<b>195,641,447</b>
<b>NET ASSETS</b>		<b>397,982,380</b>	<b>328,572,635</b>
Statutory Funds	18	11,897,965	9,160,445
Accumulated Surplus / (Deficit)	19	386,084,415	319,412,190
<b>Total Net Assets and Liabilities</b>		<b>612,734,936</b>	<b>524,214,081</b>

**TLOKWE CITY COUNCIL**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

Budget		Note	Actual	
2008	2009		2009	2008
R	R		R	R
<b>REVENUE</b>				
66,114,125	68,985,326	20	72,763,076	65,817,482
253,360,795	304,984,147	22	309,589,707	255,823,176
5,010,901	3,792,244	23	3,925,464	5,004,889
8,339,435	20,994,000	21	14,183,441	13,608,163
12,588,000	-	21	18,664,108	14,825,494
6,200,000	6,000,065		12,579,722	4,185,993
5,016,910	2,241,730		3,506,915	6,943,455
-	250,000		203,088	-
36,002,500	44,442,000	24	44,604,470	68,651,318
8,364,129	11,042,110	25	14,118,453	5,030,860
	(82,000)		143	-
<b>400,996,795</b>	<b>462,649,622</b>		<b>494,138,587</b>	<b>439,890,830</b>
<b>EXPENDITURE</b>				
134,946,775	158,927,553	26	153,348,241	132,370,244
8,655,892	9,997,318	27	9,780,937	9,435,800
21,441,267	21,818,135	28	23,676,203	20,750,742
2,000,000	6,000,000	29	21,212,321	2,000,000
29,657,161	38,038,125		34,322,979	28,753,174
3,190,000	14,685,651	30	6,120,404	3,190,027
104,575,549	129,567,344	31	128,502,438	86,692,483
1,396,577	25,300,022		25,318,298	1,705,889
14,571,645	11,254,710	32	11,600,082	14,729,198
68,869,655	51,578,990	33	51,333,322	69,604,978
-	(4,779,641)		(4,034,030)	-
11,707,447	252,732		252,732	11,707,447
<b>401,011,968</b>	<b>462,640,939</b>		<b>461,433,926</b>	<b>380,939,982</b>
<b>(15,173)</b>	<b>8,683</b>		<b>32,704,660</b>	<b>58,950,848</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>				
Refer to Appendix E(1) for explanation of budget variances				

TLOKWE CITY COUNCIL			
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009			
Description	Housing Development Fund	Total for Accumulated Surplus/(Deficit) Account	Total
	R	R	R
<b>2008</b>			
Balance at 30 June 2007	9,906,473	293,595,727	303,502,200
<b>Restated Balance</b>	<b>9,906,473</b>	<b>293,595,727</b>	<b>303,502,200</b>
Surplus / (Deficit) for the year	-	58,966,395	58,966,395
Correction of Error (Note 34)	-	(77,018,088)	(77,018,088)
Transfer to Housing Development Fund	(767,564)	-	(767,564)
Transfer to CRR	-	29,349,461	29,349,461
Grants utilised to obtain PPE	-	38,157,417	38,157,417
Interest received	21,536	-	21,536
Previous year payments	-	(6,639,312)	(6,639,312)
Offsetting of Depreciation	-	(16,999,410)	(16,999,410)
<b>Balance at 30 June 2008</b>	<b>9,160,445</b>	<b>319,412,190</b>	<b>328,572,635</b>
<b>2009</b>			
<b>Restated Balance</b>	<b>9,160,445</b>	<b>319,412,190</b>	<b>328,572,635</b>
Surplus / (Deficit) for the year		32,704,660	32,704,660
Net gains / (losses) not recognised in the Statement of Financial Performance	-	(11,847,244)	(11,847,244)
Transfer to Housing Development Fund	2,737,520	(719,426)	2,018,094
Transfer to CRR	-	52,250,968	52,250,968
Property, Plant and Equipment purchased	-	54,820	54,820
Donated / Contributed PPE	-	524,497	524,497
Grants utilised to obtain PPE	-	25,061,681	25,061,681
Contribution to Insurance Reserve	-	1,479,100	1,479,100
Insurance claims processed	-	(899,015)	(899,015)
Offsetting of Depreciation	-	(31,937,815)	(31,937,815)
<b>Balance at 30 June 2009</b>	<b>11,897,965</b>	<b>386,084,416</b>	<b>397,982,381</b>

Details on the movement of the Funds and Reserves are set out in Notes 18 & 19.

**TLOKWE CITY COUNCIL**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from Ratepayers, Government and Other		480,814,976	395,164,153
Cash paid to Suppliers and Employees		(447,658,394)	(399,527,650)
<b>Cash generated from / (utilised in) Operations</b>	<b>35</b>	<b>33,156,582</b>	<b>(4,363,497)</b>
Interest received	21	32,847,549	28,433,657
Interest paid	30	(6,120,404)	(3,190,027)
<b>NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>59,883,728</b>	<b>20,880,133</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	6	(82,325,285)	(72,270,233)
(Increase) / decrease in Non-current Investments	9	(1,512,132)	(2,208,403)
(Increase) / decrease in Long-term Receivables	10	975,985	694,812
<b>NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		<b>(82,861,433)</b>	<b>(73,783,824)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans Repaid	15	(17,928,938)	15,282,735
Net Movement in Statutory Funds		2,737,520	(746,028)
Net Movement in Accumulated Surplus	19	33,967,565	43,868,156
<b>NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>18,776,147</b>	<b>58,404,863</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5</b>	<b>(4,201,564)</b>	<b>5,501,171</b>
Cash and Cash Equivalents at the beginning of the year		81,250,650	75,749,479
Cash and Cash Equivalents at the end of the year		77,049,087	81,250,650

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**1. BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008, and also in terms of the standards and principles contained in Directives 3 and 5 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraphs, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GAMAP 9	Paragraphs relating to Revenue from Non-exchange Transactions
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-generating Assets
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**1. BASIS OF PRESENTATION (continued)**

**1.1 *Changes in Accounting Policy and Comparability***

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2009 the municipality has adopted the accounting framework as set out above. The details of any resulting changes in accounting policy and comparative restatements are given in Note 34 to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

**1.2 *Critical Judgements, Estimations and Assumptions***

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

**1.2.1 Revenue Recognition**

Accounting Policy clause 9.2 on *Revenue from Exchange Transactions* and Accounting Policy clause 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GAMAP 9 (*Revenue*) as far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.2.2 Financial Assets and Liabilities**

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management.



**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**1. BASIS OF PRESENTATION (continued)**

**1.2.3 Impairment of Financial Assets**

Accounting Policy clause 5.4 on *Impairment of Financial Assets* describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in Note 3 to the Annual Financial Statements.

**1.2.4 Useful lives of Property, Plant and Equipment**

As described in Accounting Policy clause 2.3 and 3.2 the municipality depreciates its property, plant and equipment and Intangible Assets over the estimated useful lives of the assets, which is determined when the assets are brought into use. The useful lives of the assets are based on industry knowledge.

**1.2.5 Defined Benefit Plan Liabilities**

As described in Accounting Policy clause 12.3, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 12 and 16 to the Annual Financial Statements.

**1.3 Presentation Currency**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

**1.4 Going Concern Assumption**

The Annual Financial Statements have been prepared on a going concern basis.

**1.5 Offsetting**

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **1. BASIS OF PRESENTATION (continued)**

### *1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective*

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ GRAP 18 Segment Reporting - issued March 2005
- ◆ GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- ◆ GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- ◆ GRAP 103 Heritage Assets - issued July 2008

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ IAS 19 Employee Benefits - effective 1 January 2009
- ◆ IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- ◆ IAS 39 Financial Instruments: Recognition and Measurement - portions of standard effective 1 July 2009

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

## **2. PROPERTY, PLANT AND EQUIPMENT**

### *2.1 Initial Recognition*

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **2. PROPERTY, PLANT AND EQUIPMENT (continued)**

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

### **2.2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, except for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

### **2.3 Depreciation**

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**2. PROPERTY, PLANT AND EQUIPMENT (continued)**

Depreciation only commences when the asset is available for use, unless stated otherwise.

The depreciation rates are based on the following estimated useful lives:

<b>Asset Class</b>	<b>Years</b>	<b>Asset Class</b>	<b>Years</b>
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	15 – 30	Buildings	30
Car Parks, Bus Terminals and Taxi Ranks	20	Motor Vehicles	3 – 7
Electricity	20 – 30	Abattoirs	30
Water	15 – 20	Office Equipment	3 – 7
Sewerage	15 – 20	Furniture and Fittings	7 – 10
Housing	30	Airports	20
Landfill Sites	15	Security Measures	3 – 5
<b>Community</b>		Plant and Equipment	2 – 15
Improvements	30	Other Plant and Equipment	3 – 7
Recreational Facilities	20 – 30	Markets	30
Museums and Art Galleries	30		

**2.4 Land**

Land is stated at historical cost and is not depreciated as it is regarded as having an infinite life.

**2.5 Incomplete Construction Work**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

**2.6 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

**2.7 Heritage Assets**

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **2. PROPERTY, PLANT AND EQUIPMENT (continued)**

### **2.8     *Infrastructure Assets***

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

### **2.9     *Derecognition of Property, Plant and Equipment***

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from sales proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

### **2.10    *Impairment***

#### **2.10.1 Impairment of Cash Generating Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **2. PROPERTY, PLANT AND EQUIPMENT (continued)**

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

### **2.10.2 Impairment of Non-cash Generating Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a non-cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**2. PROPERTY, PLANT AND EQUIPMENT (continued)**

*2.10 Impairment (continued)*

**2.10.2 Impairment of Non-cash Generating Assets (continued)**

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

*2.11 Transitional Arrangements*

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007.

The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36 / AC128, as this requirement has been exempted in terms of General Notice 522 of 2007.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36 / AC128, as this requirement has been exempted in terms of General Notice 522 of 2007.

**3. INTANGIBLE ASSETS**

*3.1 Initial Recognition*

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as Intangible Assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:



**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**3. INTANGIBLE ASSETS (continued)**

- ◆ It is technically feasible to complete the intangible asset so that it will be available for use;
- ◆ Management intends to complete the intangible asset and use or sell it;
- ◆ There is an ability to use or sell the intangible asset;
- ◆ It can be demonstrated how the intangible asset will generate probable future economic benefits;
- ◆ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- ◆ The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21 / IAS 36.

Intangible Assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**3.2 Subsequent Measurement, Amortisation and Impairment**

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period – however, such intangible assets are subject to an annual impairment test.

Intangible Assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

### **3. INTANGIBLE ASSETS (continued)**

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

#### **3.3     *Derecognition***

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### **3.4     *Transitional Provisions***

Costs incurred on intangible assets (other than on computer software) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. The municipality accounted for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 3.

### **4. INVESTMENT PROPERTY**

#### **4.1     *Initial Recognition***

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- ◆ All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**4. INVESTMENT PROPERTY (continued)**

- ◆ Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- ◆ A building owned by the municipality (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- ◆ A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- ◆ Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- ◆ Property being constructed or developed on behalf of third parties;
- ◆ Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- ◆ Property that is being constructed or developed for future use as investment property;
- ◆ Property that is leased to another entity under a finance lease;
- ◆ Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- ◆ Property held for strategic purposes or service delivery.

**4.2 Subsequent Measurement**

Investment Property is carried at fair value, representing open market value determined annually by valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from the change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**4. INVESTMENT PROPERTY (continued)**

**4.3 Transitional Provisions**

Investment Properties were not recognised in the previous financial year as required by IAS 40 as these requirements were exempted in terms of General Notice 522 of 2007.

Investment properties are recognised, and subsequently measured in accordance with the cost model, in terms of GRAP 16 and have been disclosed for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 5.

**5. FINANCIAL INSTRUMENTS**

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

**5.1 Financial Assets – Classification**

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality may have the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Listed Investments (Shares)
- ◆ Unlisted Investments (Local Authority Stock)
- ◆ Investments in Fixed Deposits (Banking Institutions, etc)
- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Bank, Cash and Cash Equivalents

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

<b>Type of Financial Asset</b>	<b>Classification in terms of IAS 39.09</b>
Listed Investments	Held at fair value through profit or loss
Unlisted Investments – Stock	Held at fair value through profit or loss
Bank, Cash and Cash Equivalents	Available for sale
Bank, Cash and Cash Equivalents – Call Deposits	Available for sale
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held to maturity
Bank, Cash and Cash Equivalents – Notice Deposits	Held to maturity

*Financial assets at fair value through profit or loss* are financial assets that meet either of the following conditions:

- ◆ They are classified as held for trading; or

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **5. FINANCIAL INSTRUMENTS (continued)**

- ◆ Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

*Available-for-sale investments* are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets at fair value through the Statement of Financial Performance.

### **5.1 Financial Assets (continued)**

*Loans and Receivables* are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and Receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

*Held-to-Maturity Investments* are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as Financial Assets: Available for Sale.

### **5.2 Financial Liabilities – Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality may have the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Creditors
- ◆ Bank Overdraft
- ◆ Short-term loans
- ◆ Current Portion of Long-term Liabilities
- ◆ Consumer Deposits

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **5. FINANCIAL INSTRUMENTS (continued)**

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as *Other Financial Liabilities* and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other Financial Liabilities".

### **5.3 Initial and Subsequent Measurement**

#### **5.3.1 Financial Assets:**

*Held-to-maturity Investments* and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

#### **5.3.2 Financial Liabilities:**

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the Effective Interest Rate Method.

### **5.4 Impairment of Financial Assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**5. FINANCIAL INSTRUMENTS (continued)**

**5.4 Impairment of Financial Assets (continued)**

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

**Consumer Debtors** are stated at cost less a provision for impairment. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

**Loans and Receivables** are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.



**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**5. FINANCIAL INSTRUMENTS (continued)**

**5.5 *Derecognition of Financial Assets***

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**5.6 *Derecognition of Financial Liabilities***

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

**5.7 *Transitional Provisions***

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of the new IAS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IAS 32 and IFRS 7 and GRAP 3.

Financial Instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 39.43, IAS 39 AG.64, IAS 39 AG.65, IAS 39 AG.79, SAICA Circular 9 and GRAP 3.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **6. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

### **Credit Risk**

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

### **Liquidity Risk**

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 37 to the Annual Financial Statements.

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Risk management of Financial Assets and Liabilities are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IFRS 7 and GRAP 3.

## **7. INVENTORIES**

### **7.1 Initial Recognition**

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**7. INVENTORIES (continued)**

*7.1 Initial Recognition (continued)*

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

*7.2 Subsequent Measurement*

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water and purified affluent are valued at purified cost insofar as it is stored and controlled in reservoirs and distribution network at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**7. INVENTORIES (continued)**

**7.3** *Transitional Provisions*

The recognition of immovable capital assets that meet the definition and recognition criteria of inventory, as inventories in accordance with the requirements of GAMAP 12 were exempted in the previous financial year in terms of General Notice 522 of 2007. Immovable capital assets that meet the definition and recognition criteria of inventory are recognised as inventories for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 12 and ASB Directive 3.

**8. NON-CURRENT ASSETS HELD-FOR-SALE**

**8.1** *Initial Recognition*

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**8.2** *Subsequent Measurement*

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **9. REVENUE RECOGNITION**

### **9.1     *General***

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### **9.2     *Revenue from Exchange Transactions***

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

#### **9.2.1   Service Charges**

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**TLOKWE CITY COUNCIL  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**9. REVENUE RECOGNITION (continued)**

*9.2 Revenue from Exchange Transactions (continued)*

**9.2.2 Finance Income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

**9.2.3 Rentals Received**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

**9.2.4 Dividends**

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

**9.2.5 Royalties**

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis, are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

**9.2.6 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant advertised tariff. This includes the issuing of licences and permits.

**9.2.7 Revenue from Agency Services**

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

**TLOKWE CITY COUNCIL  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**9. REVENUE RECOGNITION (continued)**

*9.2 Revenue from Exchange Transactions (continued)*

**9.2.8 Sale of Goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ◆ The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ◆ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ◆ The amount of revenue can be measured reliably.
- ◆ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ◆ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

*9.3 Revenue from Non-exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**9.3.1 Public Contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

**9.3.2 Other Donations and Contributions**

Donations and Contributions are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.



**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**9. REVENUE RECOGNITION (continued)**

**9.3 Revenue from Non-exchange Transactions (continued)**

**9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

**9.4 Transitional Provisions**

Revenue was initially recognised at cost and not at fair value in the previous financial year as the requirements of GAMAP 9.12 and SAICA circular 09/2006, which states that revenue should be recognised initially at fair value through discounting all future receipts using an imputed rate of return, have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year ended 30 June 2009 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 SAICA circular 09/2006.

**10. GOVERNMENT GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **11. PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
  - ◆ The business or part of a business concerned;
  - ◆ The principal locations affected;
  - ◆ The location, function, and approximate number of employees who will be compensated for terminating their services;
  - ◆ The expenditures that will be undertaken; and
  - ◆ When the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## **12. EMPLOYEE BENEFITS**

### **12.1 Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **12. EMPLOYEE BENEFITS (continued)**

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

### *12.2 Defined Contribution Plans*

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

### *12.3 Defined Benefit Plans*

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

#### **12.3.1 Post-retirement Health Care Benefits**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the "*corridor method*". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**12. EMPLOYEE BENEFITS (continued)**

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

**12.3.2 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

**12.3.3 Exemption regarding defined benefit accounting in previous financial year**

Defined benefit accounting in accordance with the requirements of IAS 19, as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information, has been exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality has applied defined benefit accounting to the defined benefit plans for the financial year ended 30 June 2009 in accordance with the requirements of IAS 19.

**12.4 *Provincially-administered Defined Benefit Plans***

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 38 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

### **13. LEASES**

#### **13.1   *The Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### **13.2   *The Municipality as Lessor***

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental revenue is recognised on a straight-line basis over the term of the relevant lease.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

**13. LEASES (continued)**

*13.3 Transitional Provisions*

The recognition of operating lease payments / receipts on a straight-line basis in accordance with the requirements of IAS 17 has been exempted in the previous financial year in terms of General Notice 522 of 2007 (provided that the municipality recognised the lease amounts on the basis of the cash flows in the lease agreement).

**14. BORROWING COSTS**

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the benchmark treatment in the old IAS 23, i.e. expensing all borrowing costs. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

**15. GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- ◆ Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- ◆ Expect to be repaid in future; or
- ◆ Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

**16. VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the cash basis.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

#### **17. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

#### **18. UNAUTHORISED EXPENDITURE**

Unauthorised Expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state; and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

#### **19. IRREGULAR EXPENDITURE**

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

#### **20. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.



**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

## **21. FOREIGN CURRENCIES**

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance. It was accounted for the effect of changes in foreign exchange rates in the previous financial year in accordance with the requirements of GAMAP 4, if applicable. The municipality accounted for the effect of changes in foreign exchange rates, if applicable, for the financial year ending 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GRAP 4, GRAP 3 and ASB Directive 4.

## **22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 34 for details of changes in accounting policies.

The retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality). The municipality applied changes in accounting policies affected by management retrospectively, where practicable, for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 34 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

The identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality identified and disclosed the impact of GRAP standards that have been issued but are not yet effective for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

**TLOKWE CITY COUNCIL**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

### **23. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### **24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent Assets and Contingent Liabilities are not recognised.

### **25. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in Note 40 to the Annual Financial Statements.

### **26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

### **27. COMPARATIVE INFORMATION**

#### **27.1 *Current year comparatives:***

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

#### **27.2 *Prior year comparatives:***

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

2009  
R

2008  
R

**1. GENERAL INFORMATION**

The Tlokwe City Council is a local government institution in Potchefstroom, North West. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

**2. INVENTORY**

Consumable Stores - at cost	536,548	390,277
Maintenance Materials - at cost	14,006,973	13,552,422
Spare Parts - at cost	55,224	22,389
Land Held for sale	7,953,800	-
Water - at cost	87,296	75,421
<b>Total Inventory</b>	<b>22,639,841</b>	<b>14,040,509</b>
<b>Reconciliation</b>		
Opening Balance	13,965,088.00	5,233,218.00
Stock received	12,578,963.00	24,619,882.00
Stock issued	-11,945,306.00	-15,888,012.00
Closing Balance	<b>14,598,745.00</b>	<b>13,965,088.00</b>

This reconciliation consists of Consumable stores, Maintenance materials and Spare parts

Water inventory has been restated to adhere to the disclosure provisions for Assets classified as Inventories. Refer to Note 34 on "Correction of Error" for details of the restatement.

Inventory is net of specific provisions for obsolescence.

There is a reconciling difference of R496 378 To the stock register as at 30 June 2009. This matter will be investigated and corrected in the 2009/2010 financial year.

Land Held for Sale has now been capitalised for the first time in the 2008/2009 financial year. The land has been valued at municipal valuation and is not land purchased.

**3. CONSUMER DEBTORS**

	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
<b>As at 30 JUNE 2009</b>			
Service Debtors:	92,600,818	27,742,790	64,858,028
Assessment Rates	28,137,854	9,402,000	18,735,854
Electricity	30,342,103	1,475,788	28,866,315
Refuse	7,056,865	4,197,752	2,859,113
Sewerage	8,289,655	4,037,538	4,252,117
Water	18,774,339	8,629,712	10,144,627
Other Debtors	82,773,678	44,894,400	37,879,278
<b>Total Consumer Debtors</b>	<b>175,374,496</b>	<b>72,637,190</b>	<b>102,737,306</b>
	<b>Gross Balances</b>	<b>Provision for Impairment</b>	<b>Net Balances</b>
<b>As at 30 June 2008</b>			
Service Debtors:	79,760,943	22,234,395	57,526,548
Assessment Rates	23,304,104	7,535,211	15,768,893
Electricity	25,307,757	1,182,767	24,124,990
Refuse	6,426,083	3,364,279	3,061,804
Sewerage	7,375,240	3,235,875	4,139,365
Water	17,347,760	6,916,263	10,431,497
Other Debtors	65,739,053	35,980,512	29,758,541
<b>Total Consumer Debtors</b>	<b>145,499,997</b>	<b>58,214,907</b>	<b>87,285,090</b>

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables until the 7th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. A credit control Policy has been approved by Council to ensure the recovery of Consumer Debtors.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality's Consumer Debtors

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>3.1 Ageing of Consumer Debtors</b>		
<b>Rates: Ageing</b>		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	3,604,046	4,574,076
61 - 90 Days	1,113,601	1,010,912
+ 91 Days	23,420,208	17,719,116
<b>Total</b>	<b>28,137,855</b>	<b>23,304,104</b>
<b>Electricity: Ageing</b>		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	15,891,009	14,218,530
61 - 90 Days	845,620	830,804
+ 91 Days	13,605,474	10,258,423
<b>Total</b>	<b>30,342,103</b>	<b>25,307,757</b>
<b>Refuse: Ageing</b>		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	1,084,440	1,001,172
61 - 90 Days	280,058	259,662
+ 91 Days	5,692,367	5,165,248
<b>Total</b>	<b>7,056,865</b>	<b>6,426,082</b>
<b>Sewerage: Ageing</b>		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	1,795,698	1,987,523
61 - 90 Days	376,510	275,706
+ 91 Days	6,117,447	5,112,011
<b>Total</b>	<b>8,289,655</b>	<b>7,375,240</b>
<b>Water: Ageing</b>		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	2,497,328	3,831,914
61 - 90 Days	750,917	540,965
+ 91 Days	15,526,094	12,974,881
<b>Total</b>	<b>18,774,339</b>	<b>17,347,760</b>
<b>Loan Instalments: Ageing</b>		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	91,418	172,169
61 - 90 Days	70,827	126,689
+ 91 Days	5,286,500	4,992,104
<b>Total</b>	<b>5,448,745</b>	<b>5,290,962</b>
<b>Other Debtors: Ageing</b>		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	7,071,627	4,470,011
61 - 90 Days	2,138,750	2,117,826
+ 91 Days	68,114,556	53,860,250
<b>Total</b>	<b>77,324,933</b>	<b>60,448,087</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009				2008
	R				R
<b>3.2 Summary of Debtors by Customer Classification</b>					
	Household	Industrial/ Commercial	National and Provincial Government	Other	Total
	R	R	R	R	R
<b>As at 30 June 2009</b>					
<u>Current:</u>					
0 - 30 days	-	-			-
<u>Past Due:</u>					
31 - 60 Days	13,423,689	7,059,323	5,243,618	2,492,898	28,219,528
61 - 90 Days	3,031,509	524,043	457,304	1,563,428	5,576,283
+ 90 Days	75,359,224	7,974,291	2,980,904	55,264,266	141,578,685
Sub-total	91,814,422	15,557,657	8,681,826	59,320,592	175,374,496
Less: Provision for Impairment	23,013,379	1,027,628	-	48,596,183	72,637,190
<b>Total Debtors by Customer Classification</b>	<b>68,801,043</b>	<b>14,530,029</b>	<b>8,681,826</b>	<b>10,724,409</b>	<b>102,737,306</b>

<b>As at 30 June 2008</b>					
<u>Current:</u>					
0 - 30 days	-	-	-	-	-
<u>Past Due:</u>					
31 - 60 Days	20,296,652	6,494,350	3,481,579	-	30,272,581
61 - 90 Days	4,640,063	538,535	416,706	-	5,595,304
+ 90 Days	3,821,819	328,685	284,024	-	4,434,528
+ 120 Days	96,979,625	5,701,278	2,516,677	-	105,197,580
Sub-total	125,738,159	13,062,848	6,698,986	-	145,499,993
Less: Provision for Impairment	50,440,794	5,010,367	2,763,746	-	58,214,907
<b>Total Debtors by Customer Classification</b>	<b>75,297,365</b>	<b>8,052,481</b>	<b>3,935,240</b>		<b>87,285,086</b>

	30 June 2009	30 June 2008
	R	R
<b>3.3 Reconciliation of the Provision for Impairment</b>		
Balance at beginning of year	58,214,907	56,226,417
Impairment Losses recognised	21,212,321	2,002,669
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(7,099,885)	(14,179)
Amounts recovered	309,847	-
<b>Balance at end of year</b>	<b>72,637,190</b>	<b>58,214,907</b>

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

**4. OTHER DEBTORS**

Payments made in Advance	218,421	26,500
Projects	305,035	-
Sundry Debtors	1,960,775	3,330,127
	2,484,231	3,356,627
Less: Provision for Impairment	-	-
<b>Total Other Debtors</b>	<b>2,484,231</b>	<b>3,356,627</b>

**5 BANK, CASH AND CASH EQUIVALENTS**

Bank, Cash and Cash Equivalents	5,359,849	23,434,359
Current Investment Deposits	71,689,237	57,816,291
		-
<b>Total Bank, Cash and Cash Equivalents</b>	<b>77,049,087</b>	<b>81,250,650</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**2009**  
**R**

**2008**  
**R**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**5.1 Current Investment Deposits**

Call Deposits	13,053,917	11,788,069
Notice Deposits	58,635,320	46,028,222
Short-term Portion of Investments		
<b>Total Current Investment Deposits</b>	<b><u>71,689,237</u></b>	<b><u>57,816,291</u></b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest at 7.5% per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 7.75 % to 9.75 % per annum.

The Municipality has the following bank accounts:

**5.2 Bank Accounts**

**Primary Bank Account**

*ABSA Bank Limited - Potchefstroom Branch - Account number 680000093*

Cash book balance at beginning of year	6,713,698	7,806,527
Cash book balance at end of year	<u>(12,825,267)</u>	<u>6,713,698</u>
Bank statement balance at beginning of year	54,650,165	34,387,940
Bank statement balance at end of year	<u>13,823,889</u>	<u>54,650,165</u>

The Cash book balance is indicating an overdraft however the Council do not have an overdraft facility and is reconciled to the Bank Statement Balance

**Current Account (Housing Account)**

*ABSA Bank Limited - Potchefstroom Branch - Account number 405584178*

Cash book balance at beginning of year	8,152,409	7,500,623
Cash book balance at end of year	<u>8,901,455</u>	<u>8,152,409</u>
Bank statement balance at beginning of year	8,152,409	7,500,623
Bank statement balance at end of year	<u>8,901,455</u>	<u>8,152,409</u>

**Current Account (Council Grant funds)**

*ABSA Bank Limited - Potchefstroom Branch - Account number 405583287*

Cash book balance at beginning of year	8,529,268	7,792,618
Cash book balance at end of year	<u>9,248,035</u>	<u>8,529,268</u>
Bank statement balance at beginning of year	8,529,268	7,792,618
Bank statement balance at end of year	<u>9,248,035</u>	<u>8,529,268</u>

**5.3 Cash and Cash equivalents**

Cash Floats and Advances	25,192	23,242
Other Cash Equivalents	10,433	15,742
Cash on hand in Cash Floats, Advances and Equivalents	<u>35,626</u>	<u>38,984</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**6. PROPERTY, PLANT AND EQUIPMENT**

**Reconciliation of Carrying Value - 30 June 2009**

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
<b>Carrying values at 01 July 2008</b>	<b>34,162,097</b>	<b>195,652,942</b>	<b>16,003,526</b>	<b>2</b>	<b>48,311,803</b>	<b>1,152,635</b>	<b>-</b>	<b>295,283,006</b>
Cost	67,953,407	348,048,366	28,498,250	25,356	102,088,494	1,413,962	-	548,027,834
- Completed Assets	67,953,407	348,048,366	28,498,250	25,356	102,088,494	1,413,962	-	548,027,834
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation & Write-Offs	(33,791,309)	(152,395,424)	(12,494,724)	(25,354)	(53,776,691)	(261,327)	-	(252,744,829)
- Cost	(17,884,480)	(70,442,612)	(7,640,319)	-	(41,104,320)	(261,327)	-	(137,333,058)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	(25,354)	(12,672,371)	-	-	(115,411,771)
Acquisitions	945,342	74,350,160	1,167,365	801,938	6,448,493	-	-	83,713,298
Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(1,625,518)	(12,010,331)	(952,139)	-	(9,034,081)	(47,115)	-	(23,669,184)
- Based on Cost	(1,625,518)	(12,010,331)	(952,139)	-	(9,034,081)	(47,115)	-	(23,669,184)
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Transfers to Intangible Assets:	-	-	-	-	(1,388,013)	-	-	(1,388,013)
- Cost	-	-	-	-	(1,748,800)	-	-	(1,748,800)
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	360,787	-	-	360,787
- Based on Cost	-	-	-	-	360,787	-	-	360,787
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2009</b>	<b>33,481,921</b>	<b>257,992,771</b>	<b>16,218,753</b>	<b>801,940</b>	<b>44,338,202</b>	<b>1,105,520</b>	<b>-</b>	<b>353,939,107</b>
Cost	68,898,749	422,398,526	29,665,615	827,294	106,788,187	1,413,962	-	629,992,332
- Completed Assets	68,898,749	422,398,526	29,665,615	827,294	106,788,187	1,413,962	-	629,992,332
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(35,416,827)	(164,405,755)	(13,446,862)	(25,354)	(62,449,985)	(308,442)	-	(276,053,225)
- Cost	(19,509,998)	(82,452,943)	(8,592,458)	-	(49,777,613)	(308,442)	-	(160,641,454)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	(25,354)	(12,672,371)	-	-	(115,411,771)



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**6. PROPERTY, PLANT AND EQUIPMENT**

**Reconciliation of Carrying Value - 30 June 2008**

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
<b>Carrying values at 30 June 2007</b>	<b>33,234,824</b>	<b>144,832,248</b>	<b>15,573,692</b>	<b>-</b>	<b>47,817,312</b>	<b>1,152,635</b>	<b>-</b>	<b>242,610,711</b>
Cost	64,045,886	287,063,762	28,050,060	-	92,196,395	1,413,962	-	472,770,065
- Completed Assets	64,045,886	287,063,762	28,050,060	-	92,196,395	1,413,962	-	472,770,065
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation & Write-Offs	(30,811,062)	(142,231,514)	(12,476,368)	-	(44,379,083)	(261,327)	-	(230,159,354)
- Cost	(14,904,233)	(60,278,702)	(7,621,963)	-	(31,706,712)	(261,327)	-	(114,772,937)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	-	(12,672,371)	-	-	(115,386,417)
Acquisitions	945,342	60,984,604	448,190	-	9,892,097	-	-	72,270,233
Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(18,069)	(10,163,910)	(18,356)	-	(9,397,608)	-	-	(19,597,943)
- Based on Cost	(18,069)	(10,163,910)	(18,356)	-	(9,397,608)	-	-	(19,597,943)
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Transfers to Intangible Assets:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	<b>34,162,097</b>	<b>195,652,942</b>	<b>16,003,526</b>	<b>-</b>	<b>48,311,801</b>	<b>1,152,635</b>	<b>-</b>	<b>295,283,001</b>
Cost	64,991,228	348,048,366	28,498,250	-	102,088,492	1,413,962	-	545,040,298
- Completed Assets	64,991,228	348,048,366	28,498,250	-	102,088,492	1,413,962	-	545,040,298
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(30,829,131)	(152,395,424)	(12,494,724)	-	(53,776,691)	(261,327)	-	(249,757,297)
- Cost	(14,922,302)	(70,442,612)	(7,640,319)	-	(41,104,320)	(261,327)	-	(134,370,880)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	-	(12,672,371)	-	-	(115,386,417)

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>6. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
<b>6.1 Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use:</b>		
Land and Buildings	33,481,921	34,162,097
Infrastructure	257,992,771	195,652,942
Community	16,218,753	16,003,526
Heritage	801,940	-
Other	44,338,202	48,311,801
Housing Development Fund	1,105,520	1,152,635
Leased Infrastructure	-	-
<b>Carrying Value of PPE fully depreciated and still in use</b>	<b>353,939,107</b>	<b>295,283,001</b>
<b>6.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal:</b>		
Land and Buildings	-	-
Infrastructure	-	-
Community	-	-
Heritage	-	-
Other	100	-
Housing Development Fund	-	-
Leased Infrastructure	-	-
<b>Carrying Value of PPE retired from active use and held for disposal</b>	<b>100</b>	<b>-</b>
<b>6.3 Assets pledged as security:</b>		
No Assets has been pledged as security		
<b>6.4 Impairment of Property, Plant and Equipment:</b>		
The municipality has not tested its items of Property, Plant and Equipment for any potential impairment losses on assets. Furthermore, no review of the useful lives or depreciation methods applied to items of Property, Plant and Equipment has been performed.		
<b>7 INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<b>1,388,013</b>	<b>-</b>
The movement in Intangible Assets is reconciled as follows:		
	<b>Valuation Roll</b>	<b>Total</b>
<b>Carrying values as at 30 June 2009</b>	-	-
Cost	-	-
Accumulated Revaluation	-	-
Accumulated Amortisation	-	-
Accumulated Impairment Losses	-	-
Acquisitions during the Year:	1,748,800	1,748,800
Purchased	-	-
Transfer from Property, Plant and Equipment	1,748,800	1,748,800
Work-in-Progress at Year-end	-	-
Increases in Revaluations during the Year	-	-
Amortisation during the Year:	(360,787)	(360,787)
Purchased	-	-
Transfer from Property, Plant and Equipment	(360,787)	(360,787)
Impairment Losses during the Year	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Accumulated Revaluation	-	-
At Accumulated Amortisation	-	-
At Accumulated Impairment	-	-
<b>Decreases in Revaluations during the Year</b>	-	-
<b>Reversal of Impairment Losses during the Year</b>	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Accumulated Revaluation	-	-
At Accumulated Amortisation	-	-
At Accumulated Impairment	-	-
<b>Carrying values at 30 June 2009</b>	<b>1,388,013</b>	<b>1,388,013</b>
Cost	1,748,800	1,748,800
Accumulated Revaluation	-	-
Accumulated Amortisation	(360,787)	(360,787)
Accumulated Impairment Losses	-	-

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**7 INTANGIBLE ASSETS (continued)**

	Valuation Roll	Total
<b>Carrying values as at 30 June 2008</b>	-	-
Cost	-	-
Accumulated Revaluation	-	-
Accumulated Amortisation	-	-
Accumulated Impairment Losses	-	-
<b>Acquisitions during the Year:</b>	-	-
Purchased	-	-
Internally Developed	-	-
<b>Work-in-Progress at Year-end</b>	-	-
<b>Increases in Revaluations during the Year</b>	-	-
<b>Amortisation during the Year:</b>	-	-
Purchased	-	-
Internally Developed	-	-
<b>Impairment Losses during the Year</b>	-	-
<b>Disposals during the Year:</b>	-	-
At Cost	-	-
At Accumulated Revaluation	-	-
At Accumulated Amortisation	-	-
At Accumulated Impairment	-	-
<b>Decreases in Revaluations during the Year</b>	-	-
<b>Reversal of Impairment Losses during the Year</b>	-	-
<b>Transfers during the Year:</b>	-	-
At Cost	-	-
At Accumulated Revaluation	-	-
At Accumulated Amortisation	-	-
At Accumulated Impairment	-	-
<b>Carrying values at 30 June 2008</b>	-	-
Cost	-	-
Accumulated Revaluation	-	-
Accumulated Amortisation	-	-
Accumulated Impairment Losses	-	-

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

No Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B(2)" for more detail on Intangible Assets.

**8 INVESTMENT PROPERTY**

	2009 R	2008 R
At Fair Value	8,963,000	-
The movement in Investment Property is reconciled as follows:		
<b>Carrying values at 1 July 2008</b>	-	-
Cost	-	-
Fair Value	-	-
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
<b>Capitalised during the Year</b>	-	-
Capitalised	8,963,000	-
<b>Depreciation during the Year</b>	-	-
<b>Impairment Losses during the Year</b>	-	-
<b>Disposals during the Year:</b>	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
<b>Reversal of Impairment Losses during the Year</b>	-	-
<b>Transfers during the Year:</b>	-	-
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**8 INVESTMENT PROPERTY (Continued)**

	2009 R	2008 R
<b>Carrying values at 30 June 2009</b>	<b>8,963,000</b>	-
Cost	-	-
Fair Value	8,963,000	-
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
<b>Estimated Fair Value of Investment Property at 30 June 2009</b>	<b>8,963,000</b>	-

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

**9. NON-CURRENT INVESTMENTS**

<b>Listed</b>		
Listed Shares	-	1,693,322
Short-term Listed Investments		
Short-term Unlisted Investments		
<b>Financial Instruments</b>		
Long-Term Investments	37,956,287	34,750,833
Short-term Investments	-	-
Total Cash Investments	37,956,287	34,750,833
Short-term Financial Instruments		
<b>Total Investments</b>		
All Investments	37,956,287	36,444,155
Less: Short-term Portion transferred to Current Investments	-	-
	<b>37,956,287</b>	<b>36,444,155</b>

Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates.

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates varying from 9,42 % to 15,27 % per annum.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The Long-Term Investments consists of the following:

Investec	8,803,556	7,920,331
TA Securities SA Ltd	29,152,731	26,830,502
	<b>37,956,287</b>	<b>34,750,833</b>

**10. LONG-TERM RECEIVABLES**

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2009</b>			
Car Loans	2,860	-	2,860
Debtors Capitalised Arrear Services	5,476,585	-	5,476,585
Sale of Erven	98,619	-	98,619
	<b>5,578,064</b>	-	5,578,064
Less: Current Portion transferred to Current Receivables:-			2,860
Car Loans			2,860
Debtors Capitalised Arrear Services			-
Sale of Erven			-
<b>Total Long-term Receivables</b>			<b>5,575,204</b>
	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2008</b>			
Car Loans	115,315	-	115,315
Debtors Capitalised Arrear Services	6,355,626	-	6,355,626
Sale of Erven	79,524	-	79,524
Hockey Field Development	3,584	-	3,584
	<b>6,554,049</b>	-	6,554,049
Less: Current Portion transferred to Current Receivables:-			386,495
Car Loans			115,315
Debtors Capitalised Arrear Services			-
Sale of Erven			271,180
<b>Total Long-term Receivables</b>			<b>6,167,554</b>

**HOUSING LOANS**

In terms of the MFMA no Car Loans are granted to officials anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will continue until all loans have been repaid.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**DEBTORS CAPITALISED ARREAR SERVICES**

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 60 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

**SALE OF ERVEN**

As from 01 January 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

	2009 R	2008 R
<b>11. CONSUMER DEPOSITS</b>		
Electricity and Water	9,232,843	8,703,246
<b>Total Consumer Deposits</b>	<u>9,232,843</u>	<u>8,703,246</u>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<u>2,667,726</u>	<u>2,829,000</u>

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

**12. PROVISIONS**

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 16)	3,995,352	3,638,244
Current Portion of Non-Current Provisions (See Note 17):	670,228	672,636
Long-term Service	<u>670,228</u>	<u>672,636</u>
<b>Total Provisions</b>	<u>4,665,580</u>	<u>4,310,880</u>

**Long-Term Service**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

**Post Retirement Medical Aid Benefits Liability**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

**Current Portion of Non-Current Provisions:**

	Post Retirement Medical Aid Benefits R	Long Term Service Awards R	Staff R	Leave R
<b>30 June 2009</b>				
Balance at beginning of year	-	8,800,480	-	-
Contributions to provision	3,995,352	670,228	-	-
Expenditure incurred	-	-	-	-
<b>Balance at end of year</b>	<u>3,995,352</u>	<u>9,470,708</u>	<u>-</u>	<u>-</u>
<b>30 June 2008</b>				
Balance at beginning of year	-	7,126,846	-	-
Contributions to provision	-	1,673,634	-	-
Expenditure incurred	-	-	-	-
<b>Balance at end of year</b>	<u>-</u>	<u>8,800,480</u>	<u>-</u>	<u>-</u>
	2009 R	2008 R		

**13. CREDITORS**

Trade Creditors	40,934,123	7,778,464
Payments received in Advance	9,915,864	8,474,738
Sundry Deposits	380,989	321,230
Suspense - Other	10,541,244	11,056,646
Leave Provision	8,978,616	7,724,686
Other Creditors	136,457	-
<b>Total Creditors</b>	<u>70,887,293</u>	<u>35,355,764</u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

	2009 R	2008 R
<b>14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>14.1 Conditional Grants from Government</b>	<b>22,674,491</b>	<b>22,285,135</b>
National Government Grants	10,961,811	9,570,035
Provincial Government Grants	9,668,835	8,276,424
Local Government Grants	1,082,996	4,438,676
Other Spheres of Government	960,849	-
<b>14.2 Other Conditional Receipts</b>	<b>2,015,757</b>	<b>1,148,903</b>
Lotto : Sport Facilities	2,015,757	1,148,903
<b>Total Conditional Grants and Receipts</b>	<b>24,690,248</b>	<b>23,434,039</b>

Refer to Appendix "F" for more detail on Conditional Grants.

**15. LONG TERM LIABILITIES**

Local Registered Stock	-	8,500,000
Annuity Loans	23,072,557	32,501,495
Sub-total	23,072,557	41,001,495
Less: Current Portion transferred to Current Liabilities:-	1,249,832	17,923,100
Local Registered Stock	-	8,500,000
Annuity Loans	1,249,832	9,423,100
<b>Total Long-term Liabilities (Neither past due, nor impaired)</b>	<b>21,822,726</b>	<b>23,078,395</b>

**15.1 Summary of Arrangements**

Local Registered Stock is repaid over period of 20 (2008: 20) years and at interest rates varying from 16.95% to 17.50% (2008: 16.95% to 17.90%) per annum.

Annuity Loans are repaid over a period of 20 (2008: 20) years and at interest rates varying from 12.47% to 12.66% (2008: 12.47% to 12.66%) per annum.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

**16. RETIREMENT BENEFIT LIABILITIES**

**16.1 Post-retirement Health Care Benefits Liability**

Balance at beginning of Year	72,822,724	70,255,793
Contributions to Provision	3,040,117	6,205,175
Expenditure incurred	-	-
Balance at end of Year	75,862,841	76,460,968
Transfer to Current Provisions	(3,995,352)	(3,638,244)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>71,867,489</b>	<b>72,822,724</b>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
The members of the Post-employment Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	584	584
Continuation Members (Retirees, widowers and orphans)	166	166
<b>Total Members</b>	<b>750</b>	<b>750</b>

The liability in respect of past service has been estimated as follows:

In-service Members	20,887,705	21,052,390
Continuation Members	54,975,136	55,408,578
<b>Total Liability</b>	<b>75,862,841</b>	<b>76,460,968</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2009 is estimated to be R1,761,182, whereas the cost for the ensuing year is estimated to be R1,683,538.

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	9.21%	9.21%
Health Care Cost Inflation Rate	7.39%	7.39%
Net Effective Discount Rate	1.69%	1.69%
Expected Rate of Salary Increase	6.64%	6.64%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Balance at the beginning of the year	76,460,968	70,255,793
Current service costs	1,761,182	1,397,148
Interest cost	8,175,612	5,766,232
Past-service costs		
Benefits paid	(3,638,244)	(3,414,348)
Actuarial losses / (gains)	(6,896,677)	2,456,143
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>75,862,841</b>	<b>76,460,968</b>

Actuarial losses / (gains) unrecognised

<b>Total Recognised Benefit Liability</b>	<b>75,862,841</b>	<b>76,460,968</b>
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**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	75,862,841	76,460,968
	75,862,841	76,460,968
Present value of unfunded obligations	-	-
Deficit	75,862,841	76,460,968
<b>Total Benefit Liability</b>	<b>75,862,841</b>	<b>76,460,968</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Vested past service costs	(598,127)	6,205,175
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 26)</b>	<b>(598,127)</b>	<b>6,205,175</b>

**The history of experienced adjustments is as follows:**

	2009 R	2008 R	2007 R	2006 R	2005 R
Present Value of Defined Benefit Obligation	75,862,841	76,460,968	70,255,793	-	-
<b>Deficit</b>	<b>75,862,841</b>	<b>76,460,968</b>	<b>70,255,793</b>	<b>-</b>	<b>-</b>
Experienced adjustments on Plan Liabilities	-	-	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

	2009 R	2008 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(1,261,700)	-
Effect on the defined benefit obligation	(8,359,000)	-

The municipality expects to make a contribution of R8 483 million to the Defined Benefit Plans during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2009.

Refer to Note 38 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**17. NON-CURRENT PROVISIONS**

Provision for Disaster Fund	-	392,049
Provision for Long Service Awards	7,827,142	7,126,846
Provision for Rehabilitation of Land-fill Sites	2,509,404	2,494,404
<b>Total Non-current Provisions</b>	<b>10,336,546</b>	<b>10,013,299</b>

Non-current Provisions have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 39.1

**The movement in Non-current Provisions are reconciled as follows:**

	Disaster Fund R	Long Service Awards R	Land-fill Sites R
<b>30 June 2009</b>			
Balance at beginning of year	392,049	7,799,482	2,494,404
Contributions to provision	15,694,652	697,888	15,000
Expenditure incurred	(11,927,356)	-	-
	4,159,345	8,497,370	2,509,404
Transfer to current provisions	-	(670,228)	-
<b>Balance at end of year</b>	<b>4,159,345</b>	<b>7,827,142</b>	<b>2,509,404</b>
<b>30 June 2008</b>			
Balance at beginning of year	200,000	6,746,738	2,494,404
Contributions to provision	220,000	1,052,744	-
Expenditure incurred	(27,951)	-	-
	392,049	7,799,482	2,494,404
Transfer to current provisions	-	-	-
<b>Balance at end of year</b>	<b>392,049</b>	<b>7,799,482</b>	<b>2,494,404</b>

In prior years, the municipality also recognised a provision in respect of the anticipated costs of fulfilling its obligations to customers under its Maxi-Points Scheme. As result of the early adoption of IFRIC 13 Customer Loyalty Programmes, that provision is no longer recognised. The Annual Financial Statements have been adjusted retrospectively.

**17.1 Long Service Awards**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 950 employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2009 is estimated to be R853,303 whereas the cost for the ensuing year is estimated to be R914,355.

	2009 R	2008 R
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>		
Discount Rate	9.04%	9.04%
Net Effective Discount Rate	2.27%	2.27%
Expected Rate of Salary Increase	6.62%	6.62%
Expected Return on Reimbursement Rights	1.41%	1.41%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	58	58
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Balance at the beginning of the year	7,799,482	6,746,738
Current service costs	853,303	805,772
Interest cost	820,331	545,186
Past-service costs	-	-
Benefits paid	(672,636)	(626,738)
Actuarial losses / (gains)	(303,110)	328,524
<b>Present Value of Fund Obligation at the end of the Year</b>	<b>8,497,370</b>	<b>7,799,482</b>
<b>Total Recognised Benefit Liability</b>	<b>8,497,370</b>	<b>7,799,482</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	8,497,370	7,799,482
	<u>8,497,370</u>	<u>7,799,482</u>
Present value of unfunded obligations	-	-
Deficit	<u>8,497,370</u>	<u>7,799,482</u>
<b>Total Benefit Liability</b>	<u><u>8,497,370</u></u>	<u><u>7,799,482</u></u>

<b>The amounts recognised in the Statement of Financial Performance are as follows:</b>		
Current service cost	853,303	805,772
Interest cost	820,331	545,186
Actuarial losses / (gains)	(303,110)	328,524
Vested past service costs	(672,636)	(626,738)
	<u>697,888</u>	<u>1,052,744</u>
<b>Total Post-retirement Benefit included in Employee Related Costs (Note 26)</b>	<u><u>697,888</u></u>	<u><u>1,052,744</u></u>

The history of experienced adjustments is as follows:

	2009 R	2008 R	2007 R	2006 R	2005 R
Present Value of Defined Benefit Obligation	8,497,370	7,799,482	6,746,738	-	-
<b>Deficit</b>	<u>8,497,370</u>	<u>7,799,482</u>	<u>6,746,738</u>	<u>-</u>	<u>-</u>

Experienced Adjustments on Plan Liabilities

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

	2009 R	2008 R
<b>The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:</b>		
<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	101,370	-
Effect on the defined benefit obligation	490,000	-
<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(91,954)	-
Effect on the defined benefit obligation	(449,000)	-

The municipality expects to make a contribution of R1 652 million to the defined benefit plans during the next financial year.

The transitional Defined Benefit Liabilities for Long Service Awards have been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2009.

#### 17.2 Rehabilitation of Land-fill Sites

In terms of the licensing of the landfill refuse site, the municipality will incur rehabilitation costs to restore the site at the end of its useful life.

#### 18 STATUTORY FUNDS

Housing Development Fund:	11,897,965	9,160,445
<b>Total Statutory Funds</b>	<u>11,897,965</u>	<u>9,160,445</u>

##### 18.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

#### 19. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	88,757	23,014,313
Capitalisation Reserve	203,407,428	143,680,842
Donations and Public Contributions Reserve	2,846,170	2,321,973
Government Grants Reserve	104,911,949	96,283,025
Self-insurance Reserve	4,467,611	3,887,527
Accumulated Surplus / (Deficit) due to the results of Operations	70,362,500	50,224,510
<b>Total Accumulated Surplus</b>	<u>386,084,415</u>	<u>319,412,190</u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

Accumulated Surplus has been restated. Refer to Note 34 on "Change in Accounting Policy" for details of the restatement.

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The **Donations and Public Contributions Reserve** equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

The purpose of the Self Insurance Reserve is to self maintain the Councils Short Term Insurance purposes.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

20. PROPERTY RATES	2009 R	2008 R	2009 R	2008 R
	Property Valuations July		Actual Levies	
Residential	404,305,810	396,541,610	37,137,676	34,285,589
Commercial	119,554,700	118,813,600	17,289,159	15,920,278
Agricultural	-	-	-	-
State	35,059,500	35,059,500	4,247,701	3,932,920
Municipal	1,108,900	902,600	115,692	100,457
Exempted Properties	180,147,250	183,485,850	-	-
Other	112,374,850	110,731,450	13,972,848	12,772,873
<b>Total Assessment Rates</b>	<b>852,551,010</b>	<b>845,534,610</b>	<b>72,763,076</b>	<b>67,012,117</b>
Attributable to:			72,763,076	67,012,117.00
Continuing Operations			72,763,076	67,012,117
Discontinued Operations			-	-
			<b>72,763,076</b>	<b>67,012,117</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect 1 January 2001.

An average general rate of 13.78% c/R (2007/2008: 13.78% c/R) is applied to property valuations to determine assessment rates.

A rebate of 40,00% (2007/2008: 40,00%) was allowed on residential properties and a further rebate of 5% was granted to the residential erven in Ikageng which will be phased out by reducing the rebate by 5% per annum or until the backlog in Ikageng is recovered.

A rebate of 15% was granted to industrial erven and a rebate of 20% was granted to Government and semi-Government institutions. A grant-in-aid is granted to welfare institutions erven.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

21. INTEREST EARNED	2009 R	2008 R
<b>External Investments:</b>		
Bank Account	3,690,496	5,793,909
Investments	9,766,731	7,814,254
Other Interest	6,787	-
Interest Earned on Housing Development Fund	719,427.00	-
	<b>14,183,441</b>	<b>13,608,163</b>
<b>Outstanding Debtors:</b>		
Outstanding Billing Debtors	18,664,108	14,825,494
	<b>18,664,108</b>	<b>14,825,494</b>
<b>Total Interest Earned</b>	<b>32,847,549.00</b>	<b>28,433,657.00</b>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	14,183,441	13,608,163
Loans and Receivables	18,664,108	14,825,494
Held-to-Maturity Investments	-	-
	32,847,549	28,433,657
Interest Earned on Non-financial Assets	-	-
	<b>32,847,549</b>	<b>28,433,657</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>22. SERVICE CHARGES</b>		
Sale of Electricity	211,944,484	165,266,870
Sale of Water	51,738,603	50,586,729
Refuse Removal	15,396,446	13,154,695
Sewerage and Sanitation Charges	30,510,174	26,814,882
<b>Total Service Charges</b>	<b>309,589,707</b>	<b>255,823,176</b>
Attributable to:		
Continuing Operations	309,589,707	255,823,176
Discontinued Operations	-	-
	<b>309,589,707</b>	<b>255,823,176</b>

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

<b>23. RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental Revenue from Amenities	9,310	6,564
Rental Revenue from Buildings	2,392,670	2,714,310
Rental Revenue from Halls	143,464	125,409
Rental Revenue from Land	1,187,578	1,079,181
Rental Revenue from Other Facilities	192,442	1,079,425
<b>Total Rental of Facilities and Equipment</b>	<b>3,925,464</b>	<b>5,004,889</b>
Attributable to:		
Continuing Operations	3,925,464	5,004,889
Discontinued Operations	-	-
	<b>3,925,464</b>	<b>5,004,889</b>

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

<b>24. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Provincial Health Subsidies	-	3,838,449
<b>Operational Grants</b>	-	3,838,449
<b>Conditional Grants</b>	44,604,470	64,812,869
National: Equitable Share	44,604,470	34,002,508
MIG and NER Grants	-	28,810,361
Municipal Finance Grant	-	2,000,000
<b>Transferred from Deferred Revenue</b> (offset depreciation on assets funded from Grants)	-	-
<b>Total Government Grants and Subsidies</b>	<b>44,604,470</b>	<b>68,651,318</b>
Attributable to:		
Continuing Operations	44,604,470	68,651,318
Discontinued Operations	-	-
	<b>44,604,470</b>	<b>68,651,318</b>

**Operational Grants:**

**24.1 Provincial: Health Subsidies**

Balance unspent at beginning of year	1,583,618	1,749,829
Current year receipts - included in Public Health vote	-	3,193
- Primary Health	-	3,193
Conditions met - transferred to Revenue	(268,785)	(169,404)
Conditions still to be met - transferred to Liabilities (see Note 14)	<b>1,314,833</b>	<b>1,583,618</b>

This grant was received for the ICLEI - environmental projects of the council

**Conditional Grants:**

**24.2 National: Equitable Share**

Balance unspent at beginning of year	3,820,070	11,194,233
Current year receipts	-	999,925
Conditions met - transferred to Revenue: Operating Expenses	(3,820,070)	(8,374,088)
Conditions still to be met - transferred to Liabilities (see Note 14)	<b>-</b>	<b>3,820,070</b>

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. These funds were used to procure prepaid electricity meters for the indigents.

**24.3 IMMIS Project**

Balance unspent at beginning of year	66,160	130,000
Conditions met - transferred to Revenue: Operating Expenses	(66,160)	(63,840)
Conditions still to be met - transferred to Liabilities (see Note 14)	<b>-</b>	<b>66,160</b>

This grant was received to transform the Council management system

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>24.4 National: MIG and NER Grants</b>		
Balance unspent at beginning of year	2,964,510	12,123,601
Current year receipts	15,408,000	31,677,602
Conditions met - transferred to Revenue: Operating Expenses	(10,075,213)	(40,836,693)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>8,297,297</u>	<u>2,964,510</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sewerage infrastructure as part of the upgrading of informal settlement areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

**24.5 NER Grants**

Balance unspent at beginning of year	1,095,492	11,054,386
Conditions met - transferred to Revenue: Operating Expenses	-	(9,958,894)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1,095,492</u>	<u>1,095,492</u>

This grant was received from the Department Mineral and Energy Affairs to develop the electricity distribution system.

**24.6 Land Use Management Grant**

Balance unspent at beginning of year	181,183	429,133
Current year receipts	294,382	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(475,565)	(247,950)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>181,183</u>

The Land Use Management Grant was received to develop the Land Use Management Scheme and the Spatial Development Plan. The conditions of the grant have been met. There was no delay or withholding of the grant.

**24.7 Provincial LED Projects**

Balance unspent at beginning of year	289,028	268,758
Current year receipts	286,111	261,710
Conditions met - transferred to Revenue: Operating Expenses	(113,763)	(241,440)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>461,376</u>	<u>289,028</u>

Provincial LED Project grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government. Other than the unspent amount the conditions of the grant have been met.

**24.8 Municipal Finance Grant**

Current year receipts	-	2,000,000
Conditions met - transferred to Revenue: Operating Expenses	-	(2,000,000)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

This grant was used to upgrade the financial management system of the Council. The grant was spent in accordance with a business plan approved by National Treasury.

**24.9 Lotto : Sports Facilities**

Balance unspent at beginning of year	1,148,903	1,499,622
Current year receipts	6,057,747	-
Conditions met - transferred to Revenue: Operating Expenses	(5,190,894)	(350,719)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>2,015,756</u>	<u>1,148,903</u>

This grant was received to upgrade the Mohadin, Ikageng and Promosa Stadiums as well as the Tshwaraganang Disabled Centre.

**24.10 Southern District Project**

Balance unspent at beginning of year	4,438,676	5,500,115
Current years receipts	-	97,264
Conditions met - transferred to Revenue: Operating Expenses	(3,355,680)	(1,158,703)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1,082,996</u>	<u>4,438,676</u>

This grant was received for the "R1 in a dustbin" project

**24.11 Public Transport Infrastructure**

Balance unspent at beginning of year	447,127	1,000,000
Conditions met - transferred to Revenue: Operating Expenses	-	(552,873)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>447,127</u>	<u>447,127</u>

This grant was received for the development of the Public Transport Plan

**24.12 Provincial: Library Grant**

Balance unspent at beginning of year	3,740,882	1,748,692
Current year receipts	2,189,490	2,392,742
Conditions met - transferred to Revenue: Operating Expenses	(607,952)	(400,552)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>5,322,420</u>	<u>3,740,882</u>

This grant was received to upgrade the Promosa and Mohadin libraries as well as to build a new library in Ikageng.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>24.13 Fire and Emergency Grant</b>		
Balance unspent at beginning of year	1,610,800	1,610,800
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1,610,800</u>	<u>1,610,800</u>

This grant was used for the re-building of a fire engine as well as for the purchase of vehicles for the Fire Services section.

**24.14 LED Promoting Culture Grant**

Balance unspent at beginning of year	4,634	21,934
Conditions met - transferred to Revenue: Operating Expenses	(4,634)	(17,300)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>4,634</u>

This grant was received for the development of culture

**24.15 LED Grants**

Balance unspent at beginning of year	629,738	679,961
Conditions met - transferred to Revenue: Operating Expenses	(986)	(50,223)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>628,752</u>	<u>629,738</u>

Grants were received for the Township tour / Jazz festival and for Education and exhibits

**24.16 S D R Dolomite Research Program**

Current year receipts	960,849	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>960,849</u>	<u>-</u>

The grant was received for a Dolomite Research Program

**24.17 Provincial - SETA Grant**

Balance unspent at beginning of year	367,804	140,231
Current year receipts	547,071	1,088,900
Conditions met - transferred to Revenue: Operating Expenses	(241,141)	(861,327)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>673,734</u>	<u>367,804</u>

This grant was used for the training of personnel of the Tlokwe City Council

**24.18 City Branding Grant**

Balance unspent at beginning of year	480,626	-
Current year receipts	89,666	500,000
Conditions met - transferred to Revenue: Operating Expenses	-	(19,374)
Conditions met - transferred to Revenue: Capital Expenses	(313,861)	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>256,431</u>	<u>480,626</u>

The grant was received for the City Branding project

**24.19 Economic Growth and Development Strategy Grant**

Balance unspent at beginning of year	174,500	-
Current year receipts	-	260,000
Conditions met - transferred to Revenue: Operating Expenses	-	(85,500)
Conditions met - transferred to Revenue: Capital Expenses	(91,200)	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>83,300</u>	<u>174,500</u>

The grant was received to develop an Economic Growth and Development Strategy for the Tlokwe City Council

**24.20 Mohadin Library Extension Grant**

Balance unspent at beginning of year	390,288	-
Current year receipts	-	400,900
Conditions met - transferred to Revenue: Operating Expenses	(85,000)	(10,612)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>305,288</u>	<u>390,288</u>

The grant was received to extent the Mohadin library

**24.21 Extension Main Library**

Balance unspent at beginning of year	-	-
Current year receipts	400,000	-
Conditions met - transferred to Revenue: Capital Expenses	(1,812)	-
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>398,188</u>	<u>-</u>

The grant was received to extent the Main library

**24.22 Changes in levels of government Grants**

Based on the allocation set out in the division of Revenue Act ( Act No2 of 2008 ) government grant funding is expected to increase over the following three financial years.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

25 OTHER INCOME	2009 R	2008 R
Building Plans	570,901	948,574
Grave Fees	615,802	691,337
Sundries Levies	2,565,507	331,235
Training Fees - Training Centre of Fire Services	307,593	224,806
Other non material Income	9,250,567	2,117,430
Reconnection Fees	808,083	456,721
R1 in a Dustbin project	-	260,757
<b>Total Other Income</b>	<b>14,118,453</b>	<b>5,030,860</b>
Attributable to:		
Continuing Operations	14,118,453	5,030,860
Discontinued Operations	-	-
	<b>14,118,453</b>	<b>5,030,860</b>

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 20 to 24, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

**26. EMPLOYEE RELATED COSTS**

Employee Related Costs - Salaries and Wages	110,985,527	93,942,191
Employee Related Costs - Social Contributions for UIF, Pensions and Medical Aids	42,362,714	38,428,053
<b>Total Employee Related Costs</b>	<b>153,348,241</b>	<b>132,370,244</b>
Attributable to:		
Continuing Operations	153,348,241	132,370,244
Discontinued Operations	132370244	-
	<b>153,348,241</b>	<b>132,370,244</b>

No advances were made to employees. Loans to employees are set out in Note 10.

**Remuneration of the Municipal Manager**

Annual Remuneration	343,675	332,679
Performance Bonus	32,707	-
Housing Allowance	123,241	111,088
Car Allowance	297,355	252,163
Company Contributions to UIF, Medical and Pension Funds	122,828	103,175
<b>Total</b>	<b>919,806</b>	<b>799,105</b>

**Remuneration of the Deputy Municipal Manager**

Annual Remuneration	324,651	275,640
Performance Bonus	31,870	12,440
Housing Allowance	90,181	191,589
Car Allowance	175,614	143,685
Company Contributions to UIF, Medical and Pension Funds	67,166	76,987
<b>Total</b>	<b>689,482</b>	<b>700,341</b>

**Remuneration of the Chief Financial Officer**

Annual Remuneration	310,016	332,678
Performance Bonus	37,269	-
Housing Allowance	18,773	20,858
Car Allowance	224,860	212,860
Company Contributions to UIF, Medical and Pension Funds	95,554	74,590
<b>Total</b>	<b>686,472</b>	<b>640,986</b>

**Remuneration of the Manager: Corporate Services**

Annual Remuneration	318,195	323,818
Performance Bonus	-	9,098
Housing Allowance	52,352	59,734
Car Allowance	136,229	115,500
Company Contributions to UIF, Medical and Pension Funds	106,155	83,914
<b>Total</b>	<b>612,931</b>	<b>592,064</b>

**Remuneration of the Manager: Infrastructure**

Annual Remuneration	339,401	249,509
Performance Bonus	37,120	-
Housing Allowance	62,702	42,590
Car Allowance	110,495	66,862
Company Contributions to UIF, Medical and Pension Funds	110,360	71,020
<b>Total</b>	<b>660,078</b>	<b>429,981</b>

**Remuneration of the Manager: Health Services**

Annual Remuneration	185,811	130,861
Performance Bonus	53,132	9,098
Housing Allowance	-	53,834
Car Allowance	-	36,857
Company Contributions to UIF, Medical and Pension Funds	-	41,283
<b>Total</b>	<b>238,943</b>	<b>271,933</b>



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>Remuneration of the Manager: Public Safety</b>		
Annual Remuneration	323,783	213,454
Performance Bonus	30,008	-
Housing Allowance	83,699	59,626
Car Allowance	157,990	88,000
Company Contributions to UIF, Medical and Pension Funds	97,097	47,958
<b>Total</b>	<b>692,577</b>	<b>409,038</b>
<b>Remuneration of the Manager: Housing</b>		
Annual Remuneration	462,677	201,326
Performance Bonus	85,852	-
Housing Allowance	48,275	30,339
Car Allowance	135,408	65,500
Company Contributions to UIF, Medical and Pension Funds	115,283	58,639
<b>Total</b>	<b>847,495</b>	<b>355,804</b>
<b>Remuneration of the Manager: Local Economic Development</b>		
Annual Remuneration	332,678	332,678
Performance Bonus	29,374	-
Housing Allowance	95,740	95,743
Car Allowance	102,172	102,158
Company Contributions to UIF, Medical and Pension Funds	81,239	74,687
<b>Total</b>	<b>641,203</b>	<b>605,266</b>
<b>Remuneration of the Manager: Social Services</b>		
Annual Remuneration	298,930	317,124
Performance Bonus	65,705	11,372
Housing Allowance	87,127	84,932
Car Allowance	143,493	128,304
Company Contributions to UIF, Medical and Pension Funds	113,184	99,189
<b>Total</b>	<b>708,439</b>	<b>640,921</b>
<b>Remuneration of the Manager: Admin Services</b>		
Annual Remuneration	317,235	332,678
Performance Bonus	71,259	-
Housing Allowance	109,324	100,588
Car Allowance	134,835	110,503
Company Contributions to UIF, Medical and Pension Funds	106,685	92,305
<b>Total</b>	<b>739,338</b>	<b>636,074</b>

**27. REMUNERATION OF COUNCILLORS**

Executive Mayor	537,465	499,600
Speaker	435,161	402,562
Mayoral Committee Members	3,269,767	2,036,280
Councillors	3,141,011	2,342,652
Company Contributions to UIF, Medical and Pension Funds	1,820,513	1,509,819
Sundry Allowances (Cellular Phones, etc)	291,869	2,644,887
Allowances allocated to Employee Related Costs in General Ledger	-	-
	285,151	-
<b>Total Councillors' Remuneration</b>	<b>9,780,937</b>	<b>9,435,800</b>

**In-kind Benefits**

The Executive Mayor, Speaker, Whip and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor and Deputy Executive Mayor have use of Council owned vehicles for official duties and a full-time driver

**28. DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	23,676,203	20,750,742
Amortisation: Intangible Assets	-	-
<b>Total Depreciation and Amortisation</b>	<b>23,676,203</b>	<b>20,750,742</b>
Attributable to:		
Continuing Operations	23,676,203	20,750,742
Discontinued Operations	-	-
	<b>23,676,203</b>	<b>20,750,742</b>

**29. IMPAIRMENT LOSSES**

**29.1 Impairment Losses on Financial Assets**

<b>Impairment Losses Recognised:</b>	21,212,321	2,000,000
Consumer Debtors	21,212,321	2,000,000
	<b>21,212,321</b>	<b>2,000,000</b>
Attributable to:		
Continuing Operations	21,212,321	2,000,000
Discontinued Operations	-	-
	<b>21,212,321</b>	<b>2,000,000</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>30. FINANCE COSTS</b>		
Loans and Payables at amortised cost	6,120,404	3,190,027
<b>Total Interest Paid on External Borrowings</b>	<b>6,120,404</b>	<b>3,190,027</b>
Attributable to:		
Continuing Operations	6,120,404	3,190,027
Discontinued Operations	-	-
	<b>6,120,404</b>	<b>3,190,027</b>
The weighted average capitalisation rate on funds borrowed generally is 12.5% per annum (2008: 12.5% per		
<b>31. BULK PURCHASES</b>		
Electricity	121,811,082	81,588,441
Water	6,691,356	3,520,529
Sewerage	-	1,583,513
<b>Total Bulk Purchases</b>	<b>128,502,438</b>	<b>86,692,483</b>
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from the Department of Water Affairs and Forestry.		
<b>32. GRANTS AND SUBSIDIES PAID</b>		
Indigents	11,600,082	14,729,198
<b>Total Grants and Subsidies</b>	<b>11,600,082</b>	<b>14,729,198</b>
<b>33. GENERAL EXPENSES</b>		
Advertisement, stationary, printing	3,887,609.00	13,176,354.00
Administrative costs	-	3,110,863.00
Bank Charges	1,155,164.00	938,641.00
Donations	731,037.00	1,000,161.00
Deputations	1,491,301.00	1,287,433.00
Commission Mosiamise	2,140,573.00	1,705,889.00
Commission Vending	1,346,184.00	1,161,087.00
Electricity used	8,032,400.00	5,637,047.00
Levy Skills Dev	1,171,508.00	1,014,492.00
Telephone Rentals and calls	4,927,481.00	1,737,924.00
Confederation Cub	1,646,436.00	-
Medical Aid - Continued members	3,915,241.00	3,420,033.00
Stamps	1,079,141.00	1,035,492.00
Telephone Calls	-	1,037,769.00
Insurance	2,301,085.00	3,097,271.00
Water consumption	1,167,230.00	970,954.00
Levy Internal reticulation	-	1,511,942.00
Levy Mun Offices	-	1,244,197.00
Fuel and oil	307,026.00	-
Sanitation	473,288.00	-
SALGA membership	648,467.00	528,113.00
Licensing Bureau cards	539,237.00	603,913.00
Tlokwe News	349,733.00	-
Pension Fund Continued Members	971,477.00	918,311.00
Celebrations	999,605.00	-
Mayoral discretionary fund	747,229.00	-
GPRS usage costs	294,458.00	182,039.00
Receptions	757,052.00	-
Disaster Fund	442,500.00	220,000.00
Ward committees	430,525.00	816,885.00
Mayoral Special projects	491,487.00	386,760.00
Marketing brochures	544,345.00	678,767.00
Post Office/ Easy pay commission	238,286.00	-
Assessment Rates	222,761.00	-
Community Participation	219,268.00	96,202.00
FMS Marketing	-	4,087,793.00
New Telephone systems	-	1,737,924.00
Plastic bags	407,321.00	568,357.00
Chemicals	-	646,390.00
PMU Allocation	384,263.00	260,129.00
Street names	-	199,558.00
Other Expenses	6,872,604	14,586,288
	<b>51,333,322</b>	<b>69,604,978</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**34. CORRECTION OF ERROR AND CHANGE IN ACCOUNTING POLICY**

**34.1 Reclassification of Reserves to Accumulated Surplus**

The municipality reclassified its Capital Replacement Reserve, Government Grant Reserve, Donations and Public Contribution Reserve, Capitalisation Reserve and Self Insurance Reserve to its Accumulated Surplus as these reserves are not allowed in terms of GRAP or specific legislation. Prior year figures were adjusted accordingly.

**34.2 Estimates of consumption between last meter reading and year-end**

The municipality now recorded estimates of Electricity and Water consumption between the last meter reading and year-end and adjusted the prior year figures accordingly.

**34.3 Recording of Pre-paid electricity received in advance**

The municipality now recorded the unused portion of pre-paid electricity as Income Received in advance and adjusted the prior year figures accordingly.

**34.4 Inventories**

The municipality now recorded water on hand at year end as part of its inventories as per the requirements of GRAP 12 and adjusted prior year figures accordingly.

**34.5 Retirement Benefit Liabilities**

The municipality did not account for Pension and Medical retirement benefit liabilities as well as for Long Service Awards. A valuation was performed by an independent company in determining the liability. This liability is now accounted for and Accumulated surplus was used to offset previous years' liability not previously accounted for.

**34.6 Property, Plant and Equipment**

The Property, Plant and Equipment was incorrectly stated in the 2007/2008 Annual Financial Statements and is re-stated in the 2008/2009 Annual Financial Statements. The net carrying values remained the same and therefore had no effect on the Statement of Financial Position.

As a result of the above, the amounts are restated as follows:

	Previously reported 2008	Amount of correction	Restated 2008
Land and Buildings	-	34,162,097	34,162,097
Infrastructure	221,370,410	(25,717,461)	195,652,949
Community	16,937,853	(934,327)	16,003,526
Other	55,822,110	(7,510,309)	48,311,801
Housing	1,152,635		1,152,635
	<u>295,283,008</u>		<u>295,283,008</u>

As a result of the above errors and changes in accounting policies, prior period amounts are restated as follows:

	Previously reported 2008	Amount of correction	Restated 2008
<b>Revenue</b>			
Sale of Electricity	161,233,756	4,033,114	165,266,870
Sale of Water	47,452,902	3,133,827	50,586,729
<b>Expenditure</b>			
Employee related costs	-125,112,325	(7,257,919)	-132,370,244
Bulk Purchases	-86,767,904	75,421	-86,692,483
(Increase)/Decrease in Expenditure	<u>-3,193,571</u>	<u>-15,558</u>	<u>-3,209,129</u>

	Previously reported 2008	Amount of correction	Restated 2008
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	13,965,088	75,421	14,040,509
Consumer Debtors	77,160,947	12,302,968	89,463,915
Accumulated Surplus			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Retirement benefit liabilities	0	(76,425,979)	-76,425,979
Non Current provisions	0	(10,013,299)	-10,013,299
Payments received in Advance (included in creditors)	-5,517,540	(2,957,198)	-8,474,738
	<u>85,608,495</u>	<u>(77,018,088)</u>	<u>8,590,407</u>
<b>Net Assets</b>			
Capital Replacement Reserve	23,014,313	-23,014,313	0
Capitalisation Reserve	143,680,842	-143,680,842	(0)
Government Grant Reserve	96,283,025	-96,283,025	0
Donations and Public Contributions Reserve	2,321,973	-2,321,973	(0)
Self Insurance Reserve	3,887,527	-3,887,527	(0)
Accumulated Surplus	<u>50,224,510</u>	<u>269,187,680</u>	<u>319,412,190</u>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>35. CASH GENERATED BY OPERATIONS</b>		
Surplus / (Deficit) for the Year	32,704,660	58,966,395
Adjustment for:		
Adjustment for Accounting Error		(77,018,088)
Adjustment for Incorrect Disclosure 2007/2008 - Cash Flow Statement		(25,120,662)
Depreciation and Amortisation	23,669,184	20,750,742
Movement in Intangible Assets	(1,388,013)	-
Movement in Investment Properties	(8,963,000)	-
Contribution to Retirement Benefit Liabilities	(12,392,960)	83,207,706
Contribution to Provisions - Current	3,995,352	-
Contribution to Provisions - Non-current	8,954,870	1,272,744
Expenditure incurred from Provisions	(834,549)	(27,951)
Interest Received	(32,847,549)	(28,433,657)
Finance Costs	6,120,404	3,190,027
<b>Operating surplus before working capital changes</b>	<b>19,018,399</b>	<b>36,787,256</b>
 (Increase)/Decrease in Inventories	(8,599,332)	(9,071,807)
(Increase)/Decrease in Consumer Debtors	(15,452,216)	(32,389,635)
(Increase)/Decrease in Other Debtors	872,396	(351,331)
Increase/(Decrease) in Consumer Deposits	529,597	686,684
Increase/(Decrease) in Creditors	35,531,529	11,961,047
Increase/(Decrease) in Conditional Grants and Receipts	1,256,209	(11,985,711)
 <b>Cash generated by / (utilised in) Operations</b>	<b>33,156,582</b>	<b>(4,363,497)</b>

**36. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**36.1 Contributions to organised local government - SALGA**

Opening Balance	-	-
Council Subscriptions	648,468	528,113
Amount Paid - current year	(648,468)	(528,113)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**36.2 Audit Fees**

Opening Balance	-	-
Current year Audit Fee	1,640,112	1,498,300
Amount Paid - current year	(1,640,112)	(1,498,300)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**36.3 VAT**

VAT inputs receivables and VAT outputs receivables are shown in Note 11. All VAT returns have been submitted by the due date throughout the year.

**36.4 PAYE and UIF**

Opening Balance	-	-
Current year Payroll Deductions	17,107,759	14,785,570
Amount Paid - current year	(17,107,759)	(14,785,570)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**36.5 Pension and Medical Aid Deductions**

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	48,199,543	37,645,940
Amount Paid - current year	(48,199,543)	(37,645,940)
Amount Paid - previous years	-	-
<b>Balance Unpaid (included in Creditors)</b>	<b>-</b>	<b>-</b>

**36.6 Councillor's arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	Total	Outstanding up to 90 days	Outstanding more than 90 days
<b>30 June 2009</b>			
Councillor Koloti D M	9,482	603	8,879
Councillor Mosenogi K N	4,987	3,282	1,705
<b>Total Councillor Arrear Consumer Accounts</b>	<b>14,469</b>	<b>3,885</b>	<b>10,584</b>
 <b>30 June 2008</b>			
Councillor D M Kololi	8,302	608	7,694
Alderman R H Mokgethi	2,383	464	1,919
<b>Total Councillor Arrear Consumer Accounts</b>	<b>10,685</b>	<b>1,072</b>	<b>9,613</b>

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

30 June 2009	Highest amount outstanding	Ageing
Councillor Koloti D M	8,255	>120 Days
Councillor Johnson M	5,323	>120 Days
Alderman Mampe T R	750	>90 Days
Alderman Mogeti R H	1,621	>120 Days
Councillor Mogoshane M P & M L	71	>90 Days
Councillor Louw E H	3,510	>90 Days
Councillor Mono T B & N M	168	>90 Days
Councillor Mosenogi D M	1,687	>90 Days

30 June 2008	Highest amount outstanding	Ageing
Councillor D N Koloti	8,448	450+days
Councillor D Schoeman	1,365	450+days
Alderman R H Mokgethi	2,383	330+days
Alderman T R Mampe	3,352	90 Days
Alderman D N S Tsagae	1,352	90 Days
Councillor M A Masiu	360	90 Days

**36.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

No known matters existed at reporting date.

**36.8 Deviation from, and ratification of minor breaches of, the Procurement Processes**

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Management	Year 2008/2009	Ducharme Consulting (Pty) Ltd	Drafting Full GRAP Financial Statements	57,000.00 Including VAT
Management	Year 2008/2009	Lotto Funds Project	Procurement of goods and services	
Management	Year 2008/2009	Maxmun Profit Recovery (Pty) Ltd	VAT Verification Of The Council	15% of all savings to the Council VAT excluded
Community Services	Year 2008/2009	Various	Memorial and Funeral Service Arrangement Late aid.D Ntsoelengoe	91,396.55
Management	Year 2008/2009	Messrs Baji Investment Management (Pty) Ltd.	Facilitation of Agreement between Tlokwe City Council And Mooirivier Mall (Pty) Ltd.	Unknown at this stage
Technical	Year 2008/2009	Erect a Security Fence at Olenpark	WVN Trading and Construction	R 30 000
Management	Year 2008/2009	F I F A - Confederations Cup - Create Awareness and Public Viewing.	Messrs Z' Lungile Party Equipment Hire and Merchandise.	R 1 646 435

**37. FINANCIAL INSTRUMENTS**

**37.1 Classification**

**FINANCIAL ASSETS:**

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

Financial Assets	Classification	2009 R	2008 R
<b>Non-current Investments</b>			
Listed Investments	Held to maturity	-	1,693,322
Fixed Deposits	Held to maturity	37,956,287	34,750,833
<b>Long-term Receivables</b>	Loans and receivables	5,578,064	6,554,049
<b>Consumer Debtors</b>	Loans and receivables	102,737,306	87,285,090
<b>Other Debtors</b>	Loans and receivables	2,484,231	3,356,627
<b>Bank, Cash and Cash Equivalents</b>			
Notice Deposits	Held to maturity	58,635,320	46,028,222
Call Deposits	Held to maturity	13,053,917	11,788,069
Bank Balances	Available for sale	18,149,491	23,395,375
Cash Floats and Advances	Available for sale	25,192	23,242
Other Cash Equivalents	Available for sale	10,433	15,742
		<b>238,630,242</b>	<b>214,890,571</b>

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

<b>SUMMARY OF FINANCIAL ASSETS</b>		<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>Held to maturity:</b>			
Investments	Fixed Deposits	37,956,287	36,444,155
Call Deposits	Deposits	13,053,917	11,788,069
Notice Deposits	Deposits	58,635,320	46,028,222
		<b>109,645,525</b>	<b>94,260,446</b>
<b>Loans and Receivables</b>			
Long-term Receivables	Car Loans	2,860	115,315
Long-term Receivables	Debtors Capitalised Arrear Services	5,476,585	6,355,626
Long-term Receivables	Sale of Erven	98,619	79,524
Long-term Receivables	Hockey Field Development		3,584
Consumer Debtors		102,737,306	87,285,090
Other Debtors	Sundry Debtors	2,484,231	3,356,627
		<b>110,799,601</b>	<b>97,195,766</b>
<b>Available for Sale:</b>			
Bank Balances and Cash	Bank Balances	18,149,491	23,395,375
Bank Balances and Cash	Cash Floats and Advances	25,192	23,242
Bank Balances and Cash	Other Cash Equivalents	10,433	15,742
		<b>18,185,117</b>	<b>23,434,359</b>
<b>Total Financial Assets</b>		<b>238,630,242</b>	<b>214,890,571</b>

**FINANCIAL LIABILITIES:**

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<b>Financial Liabilities</b>	<b>Classification</b>	<b>2009</b>	<b>2008</b>
		<b>R</b>	<b>R</b>
<b>Long-term Liabilities</b>			
Local Registered Stock	Financial liabilities at amortised cost	-	-
Annuity Loans	Financial liabilities at amortised cost	21,822,726	23,078,395
<b>Consumer Deposits</b>			
Electricity and Water	Financial liabilities at amortised cost	9,232,843	8,703,246
<b>Accounts payable</b>			
Trade Creditors	Financial liabilities at amortised cost	40,934,123	7,778,464
Payments received in Advance	Financial liabilities at amortised cost	9,915,864	8,474,738
Sundry Deposits	Financial liabilities at amortised cost	380,989	321,230
Suspense creditors		10,541,244	11,056,646
Leave provision		8,978,616	7,724,686
Other Creditors		136,457	-
<b>Bank Overdraft</b>			
Bank Overdraft	Financial liabilities at amortised cost		
<b>Current Portion of Long-term Liabilities</b>			
Local Registered Stock	Financial liabilities at amortised cost		8,500,000
Annuity Loans	Financial liabilities at amortised cost	1,249,832	9,423,100
		<b>103,192,693</b>	<b>85,060,505</b>

**37.2 Capital Risk Management**

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 2 and the Statement of Changes in Net Assets.

**Gearing Ratio**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
The gearing ratio at the year-end was as follows:		
Debt	23,072,557	41,001,495
Bank, Cash and Cash Equivalents	77,049,087	81,250,650
Net Debt	<b>100,121,644</b>	<b>122,252,146</b>
Equity	<b>397,982,380</b>	<b>328,572,635</b>
<b>Net debt to equity ratio</b>	<b>25.16%</b>	<b>37.21%</b>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 4.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**37.3 Financial Risk Management Objectives**

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

**37.4 Significant Accounting Policies**

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

**37.5 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 57.8 below). No formal policy exists to hedge volatilities in the interest rate market.

**37.6 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the currency market.

**37.7 Interest Rate Risk Management**

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, such borrowing being below market related rates.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.



**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**37.8 Credit Risk Management**

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for Sasol who has large investments in the municipal area and does not pose any risk. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2009 R	2008 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	37,956,287	36,444,155
Long-term Receivables	5,578,064	6,554,049
Consumer Debtors	102,737,306	87,285,090
Other Debtors	2,484,231	3,356,627
Bank, Cash and Cash Equivalents	77,049,087	81,250,650
<b>Maximum Credit and Interest Risk Exposure</b>	<b>225,804,975</b>	<b>214,890,571</b>

**2009**  
**R**

**2008**  
**R**

### **38. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans, whereas the other funds are defined benefit plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

#### **Municipal Councillors Pension Fund:**

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

#### **Municipal Employees Pension Fund:**

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

#### **Municipal Gratuity Fund:**

The Municipal Gratuity Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

#### **Potchefstroom Municipal Pension Fund**

The Potchefstroom Municipal Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

#### **SALA Pension Fund:**

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

#### **South African Municipal Workers Union National Provident Fund:**

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.0%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

### **39. COMPARISON WITH THE BUDGET**

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

### **40. EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2009.

#### **40.1 Electricity Function:**

The Municipality has agreed in principle to transfer its electricity function to the new Regional Electricity Distributor (RED) – Region AB. The date of transfer is unknown at this stage. The financial effect of this transfer is not yet known as the Municipality is uncertain as to what its share of the revenues of the RED will be or what the terms and conditions will be. There is ongoing discussions with the management of RED Region AB and EDI Holdings, which is the responsible authority for the implementation of RED's nationally.

### **41. COMPARATIVE FIGURES**

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 38) and Prior Period Errors (Note 39).

**TLOKWE CITY COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<u>2009</u>	<u>2008</u>
<b>42. CONTINGENT LIABILITIES</b>		
<b><i>Court Proceedings:</i></b>	<b><u>20,890,046</u></b>	<b><u>10,388,762</u></b>
(I) Council is involved in a claim of R3 million in five High Court Matters for damages arising out of alleged sexual harassment.	3,000,000	
(ii) Tlokwe City Council vs Maheppy and two others for inter alia Defamation	5,050,000	
(iii) Tlokwe City Council vs Masiea and Kgantsi for damages arising out of a motor vehicle accident	20,046	
(iv) Tlokwe City Council vs Sophia Jacobs and Maheppy for frivolous claim instituted against Council for specific performances and damages	2,500,000	
(v) Tlokwe City Council vs Mooiriver Mall (Pty) Ltd for Rebate or Debt self-off agreement relating to external services installed by Developer	10,250,000	
(vi) Tlokwe City Council vs E Mosibi for sexual harassment claim	70,000	
<b><i>Other:</i></b>		
(i) Labour related claims		4,166,623
(ii) Town Planning Scheme Disputes		125,000
(iii) Accrued Interest on loan repayment - Dr Kenneth Kaunda District Municipality		888,639
(iv) Other Claims		5,208,500
<b>43 CONTINGENT ASSETS</b>		
<b><i>Court Proceedings:</i></b>	<b><u>332,224</u></b>	<b><u>-</u></b>
(i) Tlokwe City Council vs RG Nair i.r.o of a motor loan	100,000	
(ii) Tlokwe City Council vs Photi General Dealers for selling electricity	232,224	

APPENDIX A								
TLOKWE CITY COUNCIL								
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009								
Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2008	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2009
	R				R	R	R	R
LOCAL REGISTERED STOCK								
Stock Loan No 15	5,000,000	16.95%	15	31/10/2008	5,000,000		5,000,000	-
Stock Loan No 16	3,500,000	17.50%	16	30/06/2009	3,500,000		3,500,000	-
Total Registered Stock	8,500,000				8,500,000	-	8,500,000	-
ANNUITY LOANS								
DBSA	25,000,000	12.47%	0	30/06/2009	5,558,037	-	4,970,442	587,595
DBSA	15,000,000	12.66%	0	30/06/2009	3,865,063	-	3,865,063	-
DBSA - SDM	NO INFO	12.66%		30/09/2019	644,842	-	-	644,842
DBSA - SDM	NO INFO	12.66%		30/09/2020	4,939,340	-	-	4,939,340
DBSA - SDM	NO INFO	12.66%		31/03/2022	17,494,213	-	593,433	16,900,780
Total Annuity Loans	40,000,000				32,501,495	-	9,428,938	23,072,557
CAPITAL LEASE LIABILITIES								
	-				-	-	-	-
Total Capital Lease Liabilities	-				-	-	-	-
GOVERNMENT LOANS								
					-	-	-	-
Total Government Loans	-				-	-	-	-
OTHER LOANS								
	-				-	-	-	-
Total Other Loans	-				-	-	-	-
TOTAL EXTERNAL LOANS	48,500,000				41,001,495	-	17,928,938	23,072,557

**APPENDIX B (1)**  
**TLOKWE CITY COUNCIL**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

	Cost			Accumulated Depreciation			Assets written off		Carrying Value	Budget Additions
	Opening Balance	Additions	Disposals / Transfers	Closing Balance	Opening Balance	Additions	Disposals/ Transfers	Closing Balance		
COMMUNITY										
ESTABLISHMENT OF PARKS & GARDENS	2579237.81	0.00	0.00	2579237.81	-505537.02	-49255.60			-1591058.80	433386.39
SPORTSFIELDS	14622167.37	497348.30	0.00	15119515.67	-5738803.29	-537592.01	0.00	0.00	-3099277.10	5744143.27
COMMUNITY HALLS	2341996.86	0.00	0.00	2341996.86	-229581.82	-78435.72		0.00	-308017.54	2033979.32
LIBRARIES	854672.09	583091.85	0.00	1437763.94	-65088.69	-29044.57	0.00	0.00	-94133.26	1343630.68
RECREATIONAL FACILITIES	212046.29	0.00	0.00	212046.29	-6502.41	-2317.38		0.00	-8819.79	39157.46
CLINICS	161554.35	0.00	0.00	161554.35	-29869.70	-5386.44	0.00	0.00	-35256.14	126298.21
MUSEUMS & ART GALLERIES	49999.99	0.00	0.00	49999.99	0.00	0.00	0.00	0.00	0.00	49999.99
OTHER COMMUNITY	7676575.50	86925.00	0.00	7763500.50	-1065235.95	-250107.01	0.00	0.00	-1315342.96	6448157.54
HERITAGE										
HERITAGE ASSETS	28498250.26	1167365.15	0.00	29665615.41	-7640318.88	-952138.73	0.00	0.00	-8592457.61	16218752.86
HOUSING										
HOUSING RENTAL STOCK	25355.63	801938.28	0.00	827293.91	0.00	0.00	0.00	0.00	-25353.63	801940.28
HOUSING	25355.63	801938.28	0.00	827293.91	0.00	0.00	0.00	0.00	-25353.63	801940.28
INFRASTRUCTURE										
ROADS, PAVEMENTS, BRIDGES & STORMWATER	128356301.60	13471603.58	0.00	141827905.18	-28299407.31	-3527146.80	0.00	0.00	-31826554.11	75729435.44
WATER RESERVOIRS & RETICULATION	40602715.66	5170615.57	0.00	45773331.23	-6917323.17	-1056950.57		0.00	-7974273.74	18787300.42
CAR PARKS, BUS TERMINALS AND TAXI RANK	669055.40	0.00	0.00	669055.40	-261466.09	-26774.21	0.00	0.00	-308240.30	227256.85
ELECTRICITY RETICULATION	117200710.56	41274073.44	0.00	158474784.00	-24669128.82	-4471996.04	0.00	0.00	-29141122.86	110215903.95
SEWERAGE PURIFICATION & RETICULATION	53054367.36	14433867.23	0.00	67488234.59	-9610633.72	-2664913.96	0.00	0.00	-12275547.68	46477066.83
STREET LIGHTING	2119679.66	0.00	0.00	2119679.66	-488758.37	-57560.94	0.00	0.00	-546319.31	891935.37
REFUSE SITES	779.42	0.00	0.00	779.42	0.00	0.00	0.00	0.00	-778.42	1.00
OTHER INFRASTRUCTURE	6044755.93	0.00	0.00	6044755.93	-175996.76	-204988.19	0.00	0.00	-380884.95	5663870.98
OTHER										
OTHER MOTOR VEHICLES	348048365.59	74350159.82	0.00	422398525.41	-70442612.24	-12010330.71	0.00	0.00	-82452942.95	257992770.84
PLANT & EQUIPMENT	26446323.87	3102210.16	0.00	29548534.03	-11959881.19	-1709610.39	0.00	0.00	-13669491.58	8159820.26
OFFICE EQUIPMENT	29107420.13	2755813.20	0.00	31863233.33	-5973601.60	-1764290.66	0.00	0.00	-7737892.26	22806575.20
AIRPORTS	34346660.57	556054.02	1748900.00	33153914.59	-17693562.37	-4458058.42	360787.00	0.00	-21790833.79	9560003.97
SECURITY MEASURES	106989.22	0.00	0.00	106989.22	-844.03	-226.98	0.00	0.00	-1071.01	3519.99
OTHER OTHER	3075669.64	34415.46	0.00	3110085.10	-2073589.37	-64734.73	0.00	0.00	-2138324.10	138494.23
	9005428.91	0.00	0.00	9005428.91	-3402841.36	-1037159.72	0.00	0.00	-4440001.08	3669786.45
	102068492.34	6448492.84	1748900.00	106788185.18	-41104319.92	-9034080.90	360787.00	0.00	-12672371.26	44338200.10
CIVIC LAND & BUILDINGS										
OTHER LAND & BUILDINGS	5707511.45	0.00	0.00	5707511.45	-1119703.35	-190226.92	0.00	0.00	-1309930.27	4397581.18
	62245895.22	945342.20	0.00	63191237.42	-16764776.25	-1435291.27	0.00	0.00	-18200067.52	29084340.66
	67953406.67	945342.20	0.00	68898748.87	-17884479.60	-1625518.19	0.00	0.00	-19509997.79	33481921.84
TOTAL	548027832.74	83713298.29	0.00	629992331.03	-137333057.21	-23669183.11	360787.00	-160641453.32	353939107.02	151365014.00

APPENDIX B (2)											
TLOKWE CITY COUNCIL											
ANALYSIS OF INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2009											
Description	Historical Cost/Fair value					Accumulated Depreciation					Carrying Value
	Opening Balance	Capitalised	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
Investment Properties Land	R	R	R	R	R	R	R	R	R	R	R
	-	8,963,000	-	-	8,963,000	-	-	-	-	-	8,963,000
	-	8,963,000	-	-	8,963,000	-	-	-	-	-	8,963,000

Description	Historical Cost				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance
Intangible Assets Valuation Roll	R	R	R	R	R	R	R	R	R	R
	1,748,800	-	-	-	1,748,800	-	-	360,787	-	360,787
	1,748,800	-	-	-	1,748,800	-	-	360,787	-	360,787

**APPENDIX C**  
**TLOKWE CITY COUNCIL**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2009**

	Opening Balance	Additions		Disposals / Transfers	Closing Balance	Opening Balance	Accumulated Additions		Depreciation Disposals / Transfers		Closing Balance	Carrying Value	Budget Additions 2008/2009
Executive and Council	8,837,659.97	242,524.46		-1,748,800.00	7,331,384.43	-2,191,065.54	-532,776.29		360,787.00		-2,363,054.83	7,159,395.14	6,242,525.00
Finance and Administration	12,807,727.38	3,663,129.42		0.00	16,470,856.80	-7,316,552.50	-2,011,743.68		0.00		-9,328,296.18	14,459,113.12	3,690,979.00
Planning and Development	2,557,887.32	1,103,555.28		0.00	3,661,442.60	-1,542,138.06	-279,134.69		0.00		-1,821,272.75	3,382,307.91	1,189,239.00
Health	2,090,453.26	0.00		0.00	2,090,453.26	-1,780,762.21	-254,916.50		0.00		-2,035,678.71	1,835,536.76	0.00
Community and Social Services	15,372,575.03	593,278.85		0.00	15,965,853.88	-9,129,535.66	-962,248.66		0.00		-10,091,784.32	15,003,605.22	2,810,481.00
Housing	1,939,093.07	10,187.00		0.00	1,949,280.07	-549,879.97	-95,019.05		0.00		-644,899.02	1,854,261.02	10,200.00
Public Safety	9,846,938.54	10,187.00		0.00	9,857,125.54	-7,924,602.19	-1,377,130.73		0.00		-9,301,732.92	8,479,994.81	10,200.00
Sport and Recreation	19,271,506.28	722,498.30		0.00	19,994,004.58	-18,918,840.13	-1,928,017.27		0.00		-20,846,857.40	18,065,987.31	1,750,431.00
Environmental Protection	8,475.58	0.00		0.00	8,475.58	-5,283.08	-1,986.48		0.00		-7,269.56	6,489.10	0.00
Waste Management	85,465,416.70	18,464,813.33		0.00	103,930,230.03	-39,412,713.03	-6,746,287.21		0.00		-46,159,000.24	97,183,942.82	48,173,677.00
Road Transport	46,295,342.04	12,052,985.48		0.00	58,348,327.52	-11,679,193.77	-2,511,904.58		0.00		-14,191,098.35	55,836,422.94	17,189,969.00
Water	14,074,581.23	5,585,878.73		0.00	19,660,459.96	-7,601,192.21	-1,202,465.36		0.00		-8,803,657.57	18,437,994.60	5,400,264.00
Electricity	76,715,349.27	41,284,260.44		0.00	117,999,609.71	-28,823,695.84	-5,765,552.61		0.00		-34,589,248.45	112,234,057.10	64,010,200.00
Other	0.00	0.00		0.00	0.00	0.00	0.00		0.00		0.00	0.00	0.00
TOTAL	295,283,005.67	83,713,298.29		-1,748,800.00	377,247,503.96	-136,875,454.19	-23,669,183.11		360,787.00		-160,183,850.30	353,939,107.85	150,478,165.00



**APPENDIX D  
TLOKWE CITY COUNCIL**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

2008	2008	2008	2008	2008	2008	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009	2009
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**APPENDIX D**  
**TLOKWE CITY COUNCIL**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

0	0	-327531.38	-378162	-327631.38	PEST CONTROL	200	0	-370861.6	-389860	-370861.6
564849.36	0	-840685.71	-839500	-276037.35	LESEGO CLINIC	205	0	977065	-950071	-843438.1
504	0	-585311.62	-584764	-584607.62	REST ROOMS	210	110	0	-609847.17	-670173
319381.45	0	-483397.77	-471900	-164016.32	PROMOSA CLINIC	215	0	523850	-509437.48	-558606
0	0	-7704.23	0	-7004.23	OCCUPATIONAL HEALTH & SAFETY	217	0	0	-4976.73	-4976.73
125900.69	0	-126970.09	-224400	-1069.4	STEVE TSWETE CLINIC	218	0	129123	-3047.74	-128682
320	0	-480	0	-160	HOME BASED CARE	219	0	0	-22627.1	-170303
114348.29	0	-413749.72	-192900	-299401.43	BOIKI TLHAPI CLINIC	220	0	82635	-139881.96	-144344
350581.61	0	-492260.05	-544400	-141678.44	MOHADIN CLINIC	225	0	474143	-408381.86	-519630
5022.58	0	0	0	5022.58	GATEWAY CLINIC	226	0	0	0	0
0	0	0	0	0	EXTENSION 11 CLINIC	227	0	0	0	0
0	0	0	0	0	MATLWANG CLINIC	228	0	0	0	0
1045733.52	113221	-15734368.85	-16453151	-14688635.33	Community and social services	1077786.37	911327	-16271048.63	-16674516	-15193262.26
283558	296571	-1498708.88	-1503274	-1215150.88	CEMETERY	30	283284.2	288300	-1440738.78	-1523327
391732	392155	-17945.34	-21068	373786.66	CEMETERY PROMOSA	35	396743	358200	-3376.34	-3798
0	1834	-10056.02	-11330	-10058.02	CEMETERY MOHADIN	40	1057	3800	-615	-1213
16047	69127	-890198.41	-766174	-874151.41	CEMETERY IKAGENG	45	18843	25300	-949585.85	-963242
0	24197	-45451.93	-65481	-45451.93	CEMETERY REGIONAL	47	0	0	-29502.58	-41515
102658	134330	-4106515.36	-4512619	-4003857.36	LIBRARY	80	98691.95	29630	-3782666.11	-3836306
2338	2819	-563168.31	-524782	-560830.31	LIBRARY KANONNIERSPARK	81	1699.1	1112	-482714.9	-521178
4883.3	3187	-148480.46	-155952	-141577.16	LIBRARY MOHADIN	82	7216.3	2900	-143105.86	-145302
5308.1	5577	-345444.08	-330813	-340735.98	LIBRARY PROMOSA	85	7198.3	3300	-408836.81	-403883
23866.2	10900	-969462.6	-1009942	-945596.4	LIBRARY IKAGENG	87	32195.1	20000	-667178	-667718
0	895	-33100.81	-74856	-33100.81	LIBRARY IPELENG	88	0	895	-524140.15	-540939
123154.45	124857	-1047303.24	-1005965	-924148.79	CIVIC CENTRE	155	111506.55	116230	-1167204.02	-1165309
65574.53	44189	-635706.13	-649006	-570131.6	COMMUNITY CENTRES	160	80878.68	54700	-674258.85	-687163
5264	4612	-8471.77	-12551	-3207.77	LAPA	235	6016	3000	-125	-2540
0	0	-1058169.6	-1151303	-1058169.6	DAN TLOOME COMPLEX	270	0	0	-727138.86	-756278
345.15	1000	-2182276.57	-2386138	-2181931.42	CULTURE PROMOTION	280	260	260	-2560033.76	-2633027
20004.79	15971	-859363.37	-833608	-839358.58	CITY HALL BOARD ROOM AND OFFICES	28339.19	3700	3700	-921247.31	-929559
1000	0	-1318565.97	-1438289	-1315565.97	COMMUNITY SERVICES ADMINISTRATION	3900	0	0	-1796553.32	-1852219
-400	0	-2587647.77	-2973932	-2588047.77	Housing	0	0	0	-3444136.05	-2728466
-400	0	-2587647.77	-2973932	-2588047.77	HOUSING SUPPORT	275	0	0	-3444136.05	-3444136.05
4594177.77	6574240	-22881290.12	-26751659	-18287112.35	Public Safety	12876165.2	6509240	-25790678.17	-26663612	-12914512.97
0	0	-3083237.84	-3125944	-3083237.84	PUBLIC SAFETY ADMINISTRATION	20	0	0	-2994193.76	-3308291
17882.1	47540	-7661418.59	-8205360	-7643536.49	FIRE BRIGADE	90	-657.5	42540	-7989581.77	-8063207
224806	220500	-572580.83	-650470	-347774.83	FIRE EMERGENCY TRAINING	95	307593	220500	-650579.33	-833511
0	0	-56274.16	-293882	-56274.16	FIRE SAFETY	98	0	0	-407082.11	-490196
0	0	-1719922.58	-1845250	-1719922.58	DISASTER MANAGEMENT	110	0	0	-1716933.83	-1857899
36210.53	36600	-47401.24	-69835	-11190.71	PARKING	390	20138.94	36600	-62021.39	-62310
4315279.14	6269600	-8298304.88	-10666163	-3983025.74	TRAFFIC DEPARTMENT	610	12549090.76	6209600	-9861365.05	-9671057
0	0	-41930.93	-436717	-41930.93	LEGAL COMPLIANCE OFFICE	612	0	0	-393685.36	-399198
0	0	-1400219.07	-1458038	-1400219.07	TRAFFIC ENGINEERING	615	0	0	-1715235.57	-1977943
2713808.65	3404031	-22542196.92	-22677426	-19828388.27	Sport and recreation	2247797.81	2902159	-24430131.97	-24898289	-22182334.16
-2460.85	2200	-264082.22	-279089	-266543.07	COUNTRY CLUB	100	1444.85	1800	-257425.18	-255980.33
2592556.92	2693083	-3815472.78	-3537464	-1222915.86	LAKE SIDE RECREATION RESORT	120	2113544.92	2804520	-4212929.99	-4217533
0	0	-238117.22	-314836	-238117.22	LAKE SIDE SWIMMING POOL	130	0	0	-243263.2	-242770
0	0	-164531.92	-173441	-164531.92	LAKE SIDE LANDS	140	0	0	-67157.95	-82282
14683.2	8778	-185865.76	-96169	-171202.56	AERODROME	236	14884.06	9129	-53890.11	-59264
0	0	0	0	0	PARKS: PLANTATION	400	0	0	0	0
31246.62	11793	-1686079.24	-1533294	-1654832.62	PARKS RECREATION	405	53618.53	20000	-1602872.55	-1477348
11053	329044	-806143.66	-806802	-795090.66	ATHLETICS	954	0	7200	-995894.02	-1010170
0	0	-350000	-357500	-350000	NORTH WEST CRICKET	413	0	0	-350000	-350000
2964	2309	-15933.1	-18538	-15933.1	HIKING TRAILS	415	0	0	-16315.67	-19524
0	0	-2269252.4	-2484438	-226288.4	PLANTS	420	560	3300	-3114638.11	-3143350
0	0	-1307643	-1307643	-1307643	OPEN TERRAINS	425	0	0	-1244415.31	-1278194
25157.66	329902	-1877278.05	-1925129	-1852120.39	SPORTS	430	5824.95	27300	-2311988.86	-2265582
0	3675	-16939.24	-24082	-16939.24	MOHADIN SPORT & RECREATION	435	0	0	-12221.86	-14788
2993	3297	-77847.96	-47163	-74854.96	PROMOSA SPORT & RECREATION	436	2043	1400	-37866.8	-47658
6643	12485	-256276.55	-370291	-249635.55	IKAGENG SPORT & RECREATION	437	7722	7910	-327134.77	-366956
0	0	-2075888.08	-2226149	-2075888.08	STREET TREES	440	0	0	-2421791.62	-2707405

## APPENDIX D TLOKWE CITY COUNCIL

[illegible]

<b>APPENDIX E(1)</b> <b>TLOKWE CITY COUNCIL</b> <b>ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008</b>					
Description	2008/2009 Actual R	2008/2009 Budget R	2008/2009 Variance R	2008/2009 Variance %	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property Rates	72,763,076	68,985,326	3,777,750	5.19	
Service Charges	309,589,707	304,984,147	4,605,560	1.49	
Rental of Facilities and Equipment	3,925,464	3,792,244	133,220	3.39	Good performance by relevant departments
Interest Earned - External Investments	14,183,441	20,994,000	(6,810,559)	(48.02)	More funds available for investment as a result of unspent grant moneys
Interest Earned - Outstanding debtors	18,664,108	-	18,664,108	100.00	Increase due to increased outstanding amounts for debtors
Fines	12,579,722	6,000,065	6,579,657	52.30	Under performance of the Traffic Department
Licences and Permits	3,506,915	2,241,730	1,265,185	36.08	Previous years' moneys now collected
Income for Agency Services	203,088	250,000	(46,912)	(23.10)	
Government Grants and Subsidies	44,604,470	44,442,000	162,470	0.36	Capital grant receipts now excluded in performance statement in terms of IAS 20
Other Income	14,118,453	11,042,110	3,076,343	21.79	
Revenue Foregone		(82,000)			
<b>Total Revenue</b>	<b>494,138,444</b>	<b>462,649,622</b>	<b>31,406,822</b>	<b>6.79</b>	
	(143)				
<b>EXPENDITURE</b>					
Employee Related Costs	153,348,241	158,927,553	(5,579,312)	(3.64)	
Remuneration of Councilors	9,780,937	9,997,318	(216,381)	(2.21)	
Depreciation	23,676,203	21,818,135	1,858,068	7.85	Budgeted for capital redemption - not aligned to GRAP-format
Impairment Losses	21,212,321	6,000,000	15,212,321	71.71	Budget not aligned to allow for the recognition of probable income
Repairs and Maintenance	34,322,979	38,038,125	(3,715,146)	(10.82)	
Interest Paid	6,120,404	14,685,651	(8,565,247)	(139.95)	
Bulk Purchases	128,502,438	129,567,344	(1,064,906)	(0.83)	
Contracted Services	25,318,298	25,300,022	18,276	0.07	Expenditure for Professional Services and Security Services exceeded budget
Grants and Subsidies Paid	11,600,082	11,254,710	345,372	2.98	The result of the NT Budget requirements not aligned to GRAP
General Expenses	51,333,322	51,578,990	(245,668)	(0.48)	
Loss on disposal of Property, Plant and Equipment	(4,034,030)	(4,779,641)	745,611	(18.48)	Loss on Insurance claims
Contributions to / (transfers from) provisions		252,732			
<b>Total Expenditure</b>	<b>461,181,194</b>	<b>462,640,939</b>	<b>(1,207,013)</b>	<b>(0.26)</b>	
	(252,732)				
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>	<b>32,957,249</b>	<b>8,683</b>	<b>32,948,566</b>	<b>(379,460.63)</b>	
	252,589				

APPENDIX E(2) TLOKWE CITY COUNCIL ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009						
Description	2008/2009		2008/2009		2008/2009	
	Actual	Total Additions	Budget	Variance	Variance	Explanation of Significant Variances
	R	R	R	R	%	greater than 5% versus Budget
Executive and Council	242,524	242,524	6,242,525	(6,000,001)	(96.11)	Projects did not realise / Expenditure incurred in Operational Budget
Finance and Administration	3,663,129	3,663,129	3,690,979	(27,850)	(0.75)	Expenditure incurred in Operational Budget
Planning and Development	1,103,555	1,103,555	1,189,239	(85,684)	(7.20)	
Health	-	-	-	-	-	
Community and Social Services	593,279	593,279	2,810,481	(2,217,202)	(78.89)	Projects were not executed
Housing	10,187	10,187	10,200	(13)	(0.13)	
Public Safety	10,187	10,187	10,200	(13)	(0.13)	
Sport and Recreation	722,498	722,498	1,750,431	(1,027,933)	(58.72)	Projects were not executed
Environmental Protection	-	-	-	-	-	
Waste Management	18,464,813	18,464,813	48,173,677	(29,708,864)	(61.67)	Projects commenced late in financial year and was carried over to 2008/9
Road Transport	12,052,985	12,052,985	17,189,969	(5,136,984)	(29.88)	Projects commenced late in financial year and was carried over to 2008/9
Water	5,565,879	5,565,879	5,400,264	165,615	3.07	
Electricity	41,284,260	41,284,260	64,010,200	(22,725,940)	(35.50)	Projects did not realise
Other	-	-	-	-	-	
<b>Total</b>	<b>83,713,298</b>	<b>83,713,298</b>	<b>150,478,165</b>	<b>(66,764,867)</b>	<b>(44.37)</b>	

APPENDIX F TLOKWE CITY COUNCIL DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003																				
Grants and Subsidies Received				Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies Delayed / Withheld				Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance		
Name of Grant	Name of Organ of State or Municipal Entity	TOTAL	Sept	Dec	March	June	TOTAL	Sept	Dec	March	June	June	Sept	Dec	March	June		Yes/No		
SDR Dolomite Research Program Southern District Clean - Up Com Mohadin Library Public Transport Infrastructure Library Health Services Equitable Share MIG Fire and Emergency Immis Land Use Management LED Constitutional LED Business Initiative Promoting Culture LED Tourism Initiative SEYA History Project Township History Jazz Education and Exchange NER Economic and Growth Development City Branding City Branding Main Library Extension Lotto - Sports Facilities	LDM	960,849	0	0	0	960,849	0	0	0	0	0	0	N/A	N/A	853,459	1,191,524	N/A	Yes	N/A	
	LDM	163,018	0	0	0	13,087	3,518,698	934,938	538,777	0	0	0	0	N/A	N/A	0	85,500	N/A	Yes	N/A
	Province	0	0	0	0	0	85,500	0	0	0	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Province	2,189,490	0	0	0	2,189,490	607,952	0	0	607,952	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Province	0	0	0	0	0	268,784	268,784	0	0	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	4,147,785	2,083	1,786,103	1,170,374	1,189,225	7,967,855	2,734,912	1,166,626	1,951,463	2,114,854	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	19,427,026	9,658,733	3,164,000	3,440,171	3,164,122	14,098,823	4,252,266	0	26,252	9,820,305	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	0	0	0	0	0	65,290	63,840	0	0	1,450	870	0	N/A	N/A	0	0	N/A	Yes	N/A
	Province	294,382	0	0	0	294,382	0	475,565	0	0	0	475,565	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	0	0	0	0	0	53,719	0	0	29,158	24,561	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	0	0	0	0	0	4,634	0	0	0	4,634	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	50,000	0	0	0	50,000	59,982	31,365	2,630	6,782	19,205	0	0	N/A	N/A	0	0	N/A	Yes	N/A
	Nat Treasury	573,835	0	0	0	0	573,835	337,725	0	7,300	330,425	0	0	N/A	N/A	0	0	N/A	Yes	N/A
Nat Treasury	979,215	129,025	0	0	318,774	531,416	673,286	19,700	58,138	223,617	371,833	0	N/A	N/A	0	0	N/A	Yes	N/A	
Province	0	0	0	0	0	0	0	0	0	0	60	0	N/A	N/A	0	0	N/A	Yes	N/A	
Province	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A	
Province	0	0	0	0	0	0	986	0	0	0	986	0	N/A	N/A	0	0	N/A	Yes	N/A	
Nat Treasury	15,658,367	0	0	0	3,707,432	11,950,935	15,658,367	4,432,587	5,943,969	5,233,529	48,282	0	N/A	N/A	0	0	N/A	Yes	N/A	
Province	0	0	0	0	0	0	91,200	91,200	0	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A	
Province	89,666	0	0	36,115	0	0	313,861	125,160	48,154	55,478	85,069	0	N/A	N/A	0	0	N/A	Yes	N/A	
Province	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	0	N/A	Yes	N/A	
Province	400,000	0	0	0	400,000	0	1,812	0	0	0	1,812	0	N/A	N/A	0	0	N/A	Yes	N/A	
Other	7,391,398	26,980	4,280,768	37,649	3,046,001	6,524,544	1,075,847	5,202,331	131,913	114,453	0	0	N/A	N/A	0	0	N/A	Yes	N/A	
Total Grants and Subsidies Received		52,325,031	9,870,372	9,266,986	11,758,203	21,429,470	50,808,583	14,030,599	12,967,923	9,121,053	14,689,938	0	0	0	0	0	0			

**TLOKWE CITY COUNCIL**  
**APPENDIX G**  
**GENERAL STATISTICS AS AT 30 JUNE 2009**

<b><u>GENERAL STATISTICS</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
<b><u>Population ( Estimate)</u></b>	224 040	224 040	220 403
<b><u>Registered voters</u></b>	86 741	75 751	76 995
<b><u>Valuations:</u></b>			
<b><u>Total valuation</u></b>			
Taxable Property	R 672 403 760	R 662 048 760	R 639 060 210
Non Taxable Property	R 180 147 250	R 183 485 850	R 176 796 400
<b>Total Property</b>	<b>R 852 551 010</b>	<b>R 845 534 610</b>	<b>R 815 856 610</b>
Residential	R 404 305 810	R 396 541 610	R 383 011 310
Commercial	R 119 554 700	R 118 813 600	R 110 491 300
Valuation Date	1 Jan 2001	1 Jan 2001	1 Jan 2001
Number of Premises	38 249	38 249	37 380
<b><u>Assessment Rates</u></b>			
Basic tariff (per rand)	14.88c	13.78c	13.00c
Discount Residential	40%	40%	40%
Additional discount-Ikageng res. stands	5%	10%	15%
<b><u>Employees:</u></b>			
Number of employees in service	1 010	1 025	1 014
<b><u>Electricity:</u></b>			
Units (kWh) purchased	451 733 320	417 486 830	431 977 119
Purchase cost per kWh	27c	19.54c	18.19c
Units (kWh) sold	448 478 685	407 308 595	388 428 977
Units (kWh) lost with distribution	3 245 635	10 178 235	43 548 142
Percentage lost with distribution	0.72%	2.44%	10.08%
Cost per unit sold	33.57c	25.70c	25.46c
Income per unit sold	46.56c	39.50c	37.43c
<b><u>Water:</u></b>			
kl purchased	13 182 074	12 949 882	12 574 032
Purchased cost per kiloliter	R 1.02	85.00c	R 1.00
kl sold	12 599 870	12 415 162	12 185 722
kl lost with distribution	582 204	534 720	388 310
Percentage lost with distribution	4.00%	4.10%	3.10%
Cost per kl sold	R 0.04	R 2.08	R 1.40
Income per kl sold	R 1.64	R 3.77	R 3.15